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### **ANNOUNCEMENT**

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# Economic Nationalism and Internationalism

THE DYASON LECTURES, 1957

**Gunnar Myrdal**

The economic, social, cultural, and political development in Australia, as in New Zealand, has for a generation and more seemed very familiar to us in Scandinavia. As a matter of fact, it is with these countries on the opposite side of the globe, and not with the bigger countries, that we have felt ourselves to be in real and serious competition when we have been perfecting our social democracy by building up the Welfare State. With labour legislation, social security, family benefits, and other broad redistributive, social and economic reforms, we have accomplished an ever fuller realisation of our inherited ideals of liberty and equality of opportunity for all our citizens. It is only here that you have occasionally been ahead of us in reducing the infantile mortality rate and improving other statistical indices of health and welfare of the people. As in the Scandinavian countries you have come far in reaching what I used to call the "created social harmony", where all classes and groups in our national communities have gradually so identified themselves with these strivings and their results that a change of political party in power does not imply more than a slight modification of the ways and means, and sometimes of the speed, by which the ideal of social democracy is being further pursued.

## *The General Theme Of These Lectures.*

For many years the trend of development of economic policies in all countries, from the biggest to the smallest, from the richest to the poorest, has been towards intensified nationalism. Though we are not always aware of it, this development is causing, from one decade to another, fundamental changes, not only in international economic relations, but also in the very structure of our national communities and in the political valuations prevailing among their inhabitants. In spite of all the hopeful publicity about "economic integration", here and there in the world—for instance, in Western Europe—the main trend towards economic nationalism and international disintegration is unbroken, even in the most recent years.

It is this world-wide trend towards economic nationalism that I shall venture to discuss in my lectures. I shall try to analyse the causal mechanism which is at work in relations between countries and within the individual countries. This analysis will come to show that the forces which are driving

forward this development to intensified economic nationalism in all countries are interrelated in a circular fashion, each change being at the same time the cause and the effect of the other changes, with the result that the changes cumulate. A main thesis, which I will expound in these lectures, is that the nationalistic economic policies by their own effects, at home as well as abroad, are themselves continually strengthening the very attitudes amongst the people who are striving for further advances along the line of these same policies, i.e. towards more and more economic nationalism in all countries.

Undoubtedly, the "natural" course is a continual rise of economic nationalism. To break this "natural" course of world development and alter the direction of the trend away from nationalist to internationalist policies, would require a radical change of people's attitude. When, however, as I maintain, the effects of the policies actually pursued about these attitudes is instead to bend them towards greater nationalism, the question is: from where could such an influence come?

To this practical and political problem facing the internationalist, of how to re-direct the trend, I will come back in my third and last lecture. But I need first to analyse the historical and actual development towards nationalism, as it is evolving before our eyes. I will first attempt to demonstrate how in the Welfare States of the richer countries, the social forces interact, cumulate and continuously push our economic policies ever further in a nationalistic direction. In my second lecture I shall in a similar way discuss how in the present world situation the strivings for economic development in the poor underdeveloped countries drive them to intensive nationalism.

In the attempt to treat this immense complex of international and national problems in three lectures, I must be general in my approach. I want to sketch a scheme of thoughts, or a model, which gives the essence of what is actually happening and which could serve as a frame of reference for a more detailed analysis, taking account of the particular circumstances of individual countries. Even on this general level, I shall have to be selective of my viewpoints. The play of the purely political forces in international relations is outside the focus. I shall also abstract from the cold war and shall, in fact, deal only with the countries outside the Soviet orbit. My attention will be directed on the economic aspects of the process of rising nationalism in the individual countries. My main effort will, however, be to suggest causal relations on psychological, institutional and ideological levels.



I

ECONOMIC NATIONALISM IN THE RICHER COUNTRIES

*Disintegration Of The Old Partial World Community.*

Many of us need to be reminded that there existed before the outbreak of the First World War a much more closely integrated world community than today. But only a very small part of the world belonged to it, as it excluded in the main the larger part of the world: peoples of different colour, colonial lands, and backward regions in general—except for tiny economic enclaves, operated in the interest of the advanced countries.

To this partial world community belonged those countries in North America, Australasia and Western Europe, which even today are relatively very rich and prosperous. There were also a few countries in a middle class position, whose economies contrived precariously to get along on the margin of it. Though there have been minor changes in both directions over the line which determines what nations belong to this upper class group, and, of course, much more important ones in regard to relative positions within the group itself, it nevertheless holds true, on the whole, that those nations which today form the exclusive club of rich and progressive ones, were fifty years ago also at the top of world society. Taken together, the populations of these countries make up only about one-sixth of the total population of the part of mankind living outside the Soviet orbit. These countries are all situated in the temperate zones and are inhabited by white people of European stock.

Fifty years ago, the great majority of mankind placed outside this partial world community of the advanced countries merely persisted from year to year and from generation to generation in an existence of fairly uneventful cultural and economic stagnation, as studied by the anthropologists of that early time who were sent out as explorers from the Western centres of learning. These people were split up in local and regional communities and, within them, in ethnic, religious, social, and economic castes and classes, between which communication was severely hampered by all sorts of chasms. These state, spatial and social divisions, and the consequent isolation of each group, were caused by economic stagnation, over long periods, but became at the same time a major impediment to economic progress. By circular causation stagnation became in this way fortified as a sort of stable balance between the forces. Thus, not only were these peoples not integrated in the outside world: even as individual nations they were deeply disintegrated.

The advanced countries making up the partial world community had never experienced a situation of similar poverty, division, isolation, and stagnation. In any case, at the beginning of our century they had all reached a comparatively high level of production and income per head,

and they were all enjoying rapid economic advances. Their national integration proceeded, implying amongst other things spatial and social mobility as between regions and classes, equalisation of opportunities, cultural homogenisation, and an increasingly perfected political democracy. Between these countries labour, capital commodities, and services flowed fairly unhampered. Economically, they were thus closely integrated with each other, and these movements over the boundaries played an important role in sustaining economic progress in the individual countries and in preserving international balance between them.

From the outbreak of the First World War, however, and since then, we have lived through an almost uninterrupted sequence of violent international crises, each new one tending to mount on the aftermaths of the preceding ones. Under their influence this partial world community of the richer countries has gradually disintegrated. The continual trend to international economic disintegration has become a set pattern of development; it has now, on a deeper level of our perception of reality, become accepted as the general condition for internal and foreign economic policy.

There have been short periods of relaxation and attempts to reverse the trend. Thus, immediately after the First World War a return to normalcy was commonly expected. And undoubtedly this expectation was then, itself—as expectations always are—a force towards its own realisation. In the end, however, it did not prove strong enough to turn the trend. Thus the middle of the 'twenties became only a short interval, during which people in our countries hoped for the restoration of the old partial world community and also attempted to fashion policies according to this assumption, restoring the gold standard and trying to liberalise international trade. It was followed within a few years by the Great Depression.

After the Second World War there is nowhere such an expectation any more. Though we continuously try to conceal it from ourselves by hopeful publicity and propaganda, the fact is that we no longer really believe in a return to normalcy in international relations, as we did in the 'twenties. We have finally become conditioned to look upon the occurrence even in the future of huge, rapid, unforeseen, and uncontrolled changes abroad, as the normal thing to expect, and, as a result, international crises and, in all countries, nationalistic policy measures intended to avert their disturbing effects upon the economic situation at home.

#### *The New International Organisations.*

It is true that towards the end of the Second World War great plans were made for organised and concerted international efforts towards economic integration on a world scale. International organisations were blueprinted and, in part, set up with the aim of bringing into existence

a new international monetary system and of recreating the international capital market, of liberalising international trade, of building international guarantees for the regulation of general business conditions, of distributing agricultural surpluses to the under-consuming nations, of stabilising fluctuations of commodity prices and of controlling international cartels. But in the main these plans were not followed up by action.

Mainly within the old partial world community of the richer countries a great rescue action was successfully staged in the early post-war years, when the United States gave large-scale capital aid to the West-European countries to get them out of their severe exchange difficulties. The intention particularly on the part of the United States was that the opportunity should have been used for a far-reaching economic integration in Western Europe. An over-zealous publicity campaign was unremittingly carried on, boosting the plans for West-European economic integration—as these plans shifted in direction from year to year. Except for a gradual and still only partial return from the crude bilateralism and the severe exchange controls to which these countries had been forced during the Great Depression and immediately after the war, little came out of these efforts.

The preparations for a Common Market for the six countries in Little Europe and a somewhat wider West-European Free Trade Area, which represent the most recent turn of these efforts towards West-European integration, are still in the planning stage. It is a disturbing fact that France, which has a key function in these plans, had brought herself, through colonial wars and deficiencies in the working of her political democracy, into a financial situation where she was compelled to continue to raise her trade barriers—even, and not least, against the other countries in the two integration schemes—at the same time as she was proceeding solemnly to ratify the basic treaties.

To preserve the perspective, we have also to remember that these plans are schemes for regional integration only, encompassing not even the whole partial world community of old and still less the entire world. And the peoples kept outside this community of the richer countries are now rapidly coming to life and independent action. To the extent that the plans will be acted upon, and even if they should really liberalise trade within Western Europe to a considerable degree, they must from a wider world point of view be expected rather to strengthen the trend towards the compartmentalisation of international trade.

#### *The Mechanism of Disintegration.*

Taking the broad view on economic development during the last half century, what has happened is that movements of persons, capital, and enterprise, as well as merchandise and services, have been severely blocked and distorted. Paradoxically enough, this has happened at the

very time when technology has made transportation ever faster and cheaper. Exchange rates have, in the process, become regulated and are now largely fictitious; currencies have become inconvertible. In all these respects things are, of course, not so bad today as immediately after the end of the Second World War: the world has come out of an acute emergency situation. But we are far from a reasonable degree of international integration and, as I will come to show, the forces working in the direction of continual disintegration as a long-term trend are still operating.

From one point of view, the direct causes of this international disintegration of the old partial world community of the advanced countries, have continually been the policy measures taken by the individual governments. In their turn, however, these policy measures have themselves regularly been forced upon the governments by the effects, and the expected effects, of the international crises on the national economies. But at the same time, the results of these national policies have largely been to spur international disintegration. For they have in their turn sometimes caused and, more often, aggravated, situations of international crises. These crises have then necessitated new defensive policy measures by the individual governments, having the same effects on international relations and so on, by circular causation in a cumulative fashion.

One specific aspect, or phase, of the development towards international economic disintegration has been the deterioration of international law as we knew it prior to the First World War. Under the influence of the international crises and the national policies adopted to cope with them, the body of commonly accepted rules for correct behaviour in public and private international relations, which had patiently and laboriously been built up during generations and become part of our culture, become sickly and dwindled. Now it is very uncertain what remains of it, and what power it still possesses.

As the governments were feeling the pressure of the continual succession of crises—and we should recall that among them were two world wars and between them the Great Depression—they felt less and less that they could afford to feel bound by considerations other than the narrowly opportunistic ones of acting in defence of their immediate national interests. It is in the nature of the social institution we call law, that every time it is broken, it loses strength as a social force. In the beginning, and particularly during and after the wars, it was often the advanced countries—and not least the bigger of them—who took liberties in regard to established international law. Now it is even more the poorer countries, many of them newly liberated, who are exploiting the legal twilight created by these precedents. They feel themselves under particular pressure to do so.

*December, 1957*

### *Two Recent Aggravating Changes.*

For a long time this development towards international disintegration proceeded almost entirely within the boundaries of the old, partial world community of the few advanced countries and their colonial or quasi-colonial enclaves, cut out from the immense backward regions of the world which surrounded them. The peoples in these out-regions continued to remain submerged in passivity, even if in many of these regions the forebodings of the Great Awakening were visible. The First World War has rightly been characterised as mainly a civil war within the partial world community of advanced nations; in this respect the Second World War started out not very differently.

But in the end that latter war undermined almost completely the established political power system in the world by which a few advanced countries had held the backward regions under their political and economic dominance and control. The emergence on the world scene of all these extremely poor nations as independent states, demanding equality of opportunity as well as liberty, economic development as well as independence, had naturally, in the first instance, the effect of enlarging greatly the scope of international relations which had to be encompassed, and with nations which could no longer be controlled as a number of mere appendages to the richer countries' world community.

The bursting of colonial bonds and often the loss of old investments or, in any case, of the free disposal of them, were serious shocks to the economies of the former metropolitan states. The new independent states were now no longer inhibited from carrying out economic policies, conceived in their own national development interests. In the changed world climate many other under-developed countries, which had already earlier been politically independent without making much use of it for initiating national economic policies, now also started doing so. I will in my next lecture come back to analysing these national policies of the under-developed countries; at this point I merely want to stress that they represented rather sharp turns for the whole international economic system. Some of the old imperial powers—and, in particular, France—became involved in colonial wars which were financially very expensive and economically disturbing, particularly as they were foredoomed to end in total loss.

This process of liquidation of economic colonialism is continuing and has not yet run its full course. From the beginning the international disintegration amongst the old ruling upper-class of the few richer nations, already at an advanced stage, naturally tended to magnify the disorganising effects of the break-up of the colonial empires. It is possible to speculate over how differently the Great Awakening could have evolved, and how different also its effects upon international relations might have



been, had there been no world wars and had the advanced countries preserved and developed further the fairly high level of international integration amongst themselves which they had in the beginning of the century.

A second factor enhancing and aggravating international economic disintegration after the Second World War has been, of course, the increasing political power of the Soviet Union and the frightening increase in territories and populations under Communist rule. These sweeping political changes, the cold war which developed, the acutely felt risks for further advances of the Communist front and for small wars and even for a new world war, which in the atomic age would mean world destruction, have had huge economic consequences.

They caused all countries, and particularly the richer ones, to devote a very large part of their national income to armaments and, indeed, forced them to militarise to a large extent their national economies. They introduced strategic interests as important elements in all international economic relations, in particular when great powers were involved. They made the restoration of the international capital market, which had collapsed in the early years of the Great Depression, a very much more difficult, if not impossible, thing. Generally speaking, they threw an irrational, perverting and confusing force into almost all problems of national and international policy.

But the trend to international disintegration goes much further back. It was well advanced and rapidly accelerating long before the colonial empires began to break up, and also long before Russia had become a serious danger and before the cold war and all that is connected with it had become a major concern to all countries. We nurture an opportunistic and entirely false conception of reality, if we manage to believe that these later historical upheavals should be given all the blame for what went wrong with our international relations.

#### *National Integration Versus International Integration.*

What is perhaps most paradoxical in the situation of these richer countries, is the fact that in this historical era of progressing and accelerating international economic disintegration of the partial world community that existed half a century ago, the few advanced countries, which made up this community, have experienced an acceleration of their advance towards national economic integration. This advance within the several nation-states in this group is continuing with unabating force. It is natural that in these countries this tends to turn attention away from the calamitous and threatening situations and prospects in the field of international economic relations.

The richer countries have by now reached the stage where, in each one of them taken individually, further economic progress has become an almost automatic thing. The higher level of economic development

attained has been brought to reflect itself in very much improved systems for education and training and more generally, in a broader sharing by people of all regions and classes in the national culture. This growth process towards cultural advance and national unity, together with the increased availability of transportation and communication generally, has implied a more effective spread of expansionary momentum from one industry or locality to others. This, in its turn, has again spurred economic progress and has at the same time decreased internal economic inequalities. The wider elbow room for everybody, created by economic progress under these circumstances, and the decreased inequalities within the nation, have laid a firmer basis for political democracy which has become ever more effectively the form of government in the richer countries.

The democratic political machinery has been continuously used for conditioning, by induced changes, the economic system to operate in ever closer accordance with the inherited ideals of liberty and equality of opportunity to all. In these countries these ideals are operative social forces, and they gain strength all the time by being increasingly realised. No regions and no occupational groups or social classes in our countries are now allowed to fall far behind what is becoming a general standard in the country as a whole, and that standard itself is continually raised ever higher. Social mobility and advance through schooling and training, and through performance on the job, are safeguarded. In particular, an ever greater equality of opportunity is assured the newly born. This integration of a nation implies fuller utilisation of the inherent productive potentialities of the most important natural resources of every country which is even and not least in the richest countries—the people. In the cumulative social process, economic progress, equalisation of opportunities, and political democracy are inter-related by circular causation, each one being mutually each other's cause and effect.

The ordinary citizen, living in our happy countries, has experienced how his own economic fortune has steadily improved, and he sees in the future even brighter opportunities for himself and his children in a national community that is continuously getting richer and at the same time approaches by gradual reforms ever more closely the ideals of social democracy he is brought up to cherish. It is indeed natural that he does not wreak his mind very much by sad thoughts about what happens to international relations, or, indeed, what happens abroad—so long, *nota bene*, as those happenings do not threaten his own welfare and security. If and when they do, he is naturally inclined to a nationalistic outlook: to avoid viewing the international development in a world perspective and from the viewpoint of his ideals of liberty and equality as applied to mankind at large, but instead to narrow his vision so as to make it easier for him to put the blame on the foreigners.

More particularly, the cold war opens for him the opportunity to



escape responsibility by imputing all the threats to one single origin: the Russians and what he is inclined to perceive as the world Communist conspiracy. In the educational attempts, incumbent upon the social scientist, to make the ordinary citizen's outlook over the world more rational and correct and really relevant to the complex of problems he as a citizen has to cope with, it is for this reason important also to stress and stress again the fact that the cold war is only one phase of the trend to international economic disintegration, though admittedly it has its broad ramifications. But the inability of the advanced countries to find a new and viable international balance amongst their own national economies is certainly not caused by the Russians, and neither is their failure to organise better their relations with the under-developed countries in the non-Soviet world which now are surging forward to win political independence and to initiate national economic development. These facts even become a reason to deal with the non-Soviet world in the way I have often been doing, as a separate problem, thus abstracting in the first instance from the countries in the Soviet sphere and their policies.

*The Drift Towards Autarchy.*

I mentioned that the direct cause of the disintegration of the partial world community as it existed half a century ago has been policy measures adopted by the several states to defend their national economies against the repercussions of the international crises through which, in a continual sequence, the world has been passing. These national policy measures have at the same time continually been creating new situations of crises in international relations, or, more often, been perpetuating and aggravating those that were independently caused. From the national point of view, the policy measures were, however, at every point in this succession of international crises motivated by reasons of stability and welfare at home.

Similarly, the larger part of the complex systems of state interferences in the interest of national progress, security and equality, which make up the new Welfare State, have also, on balance, had dis-equilibrating effects on international relations. They were never conceived of and implemented as internationally concerted policies. The international effects of such policies were usually not considered, or were in any case never given much weight when planning them and putting them into effect.

As a matter of fact, no logical dividing line can be drawn between, on the one hand, those policy measures which were in the nature of protective action taken against an acute danger for the national economy arising from the sphere of international relations, and, on the other, the Welfare State policies proper. The fact is that the world setting, in which the modern Welfare State has been developing in the richer countries, has been one of progressive international disintegration.

National planning—whether done by the state, public, semi-public or private organisations, or individual enterprises—has for many reasons almost by necessity an autarchic tendency. For one thing, demand and supply within the boundaries of one country are much easier to forecast, and also to influence in a desired direction. From the point of view of national planning, the demand and supply abroad are by contrast always more uncertain and not amenable to national policy direction.

On a high level of national integration the state becomes the “organisational state”, or even, as it has been aptly called in Sweden, the “service state”. Very definitely this implies a real growth of social democracy, and it is through this development that the Welfare State approaches ever more closely what a great Swedish statesman, the late Per Albin Hanson, characterised as “the people’s home”. In this process organisational efforts are increasingly devoted to accomplishing internal adjustments to changes, in a way which preserves stability within the country and, at the same time, freedom for the individuals to move around and exert their free choices. But by these very policies flexibility and adjustability of the national economy as a whole to the changes in the international sphere are continually being sacrificed. They become directed towards promoting welfare and equality at home, full employment and stability of the national economy, without much thought being given to international integration.

The autarchic tendencies of the Welfare State are forcefully promoted also by the inflationary pressure which is almost inherent in a highly developed democracy. The parliament is continually tempted to satisfy the citizens—or strategic groups of the citizens like, in most countries, the farmers—a little more than it is at the same time increasing the nation’s burden of taxation. Even more important, however, is the working of all other public, semi-public and private media through which prices, wages and other incomes are fixed and the whole general course of the prize system is determined. Indeed, the *modus operandi* of the modern Welfare State is collective bargaining in one form or another between the different organised groups, carried on in a great variety of institutions. In a sense, the parliament itself in our type of democracy becomes merely one of these institutions for collective bargaining between groups; and it fixes the framework for all the others.

These institutions all operate under the mutually accepted practical assumption that out of the bargaining should come compromise agreement, if at all possible without conflict. The urge to reach agreement must continuously tempt the bargaining parties to accomplish agreement by being mutually a little more generous to each other than there is really full scope for. It is only self-restraint, which then needs to be spread through the whole national community, which can ensure that, as a result of all this collective bargaining going on everywhere in our national communities, the limit, set by the rise in production, is not overstepped.

If the limit is overstepped the economy is given an inflationary boost. A former Minister of Finance in Sweden, Mr. Ernst Wigforss, once explained in Parliament that if in our country the farmers and workers make up their mind that they want higher incomes, nobody has the power to stop them. Keeping the sum total of the incomes in the whole economy at a monetary balance becomes the more difficult, as the Welfare State develops towards being decreasingly authoritarian and centralised, and as the fixing of prices and incomes more and more takes place in a great number of widely dispersed, separate, collective bargainings, each one deciding only a fraction of the total sum of our national income, and each one involving bargaining partners who might very naturally feel that they would wish each other a bigger share of the national product.

Against this background, the post-war tendency to inflation in the North-Western countries in Europe—and, of course, also here in Australia—should not cause surprise. Rather is there need for explanation why some highly developed countries in our group, e.g. Western Germany, seem to have avoided it. And I am afraid it is permissible to wonder, whether a further development of their democratic institutions in the direction of a more perfect, democratic and non-authoritarian Welfare State would not gradually bring them also into the same situation where, for instance, Britain and the Scandinavian countries already are. The regular effect of inflation is a pressure upon the foreign exchange reserves, thereby increasing the necessity for autarchic policies, at least in the important field of capital movements.

*The Welfare State Is Nationalistic.*

The argument up to this point can be summarised by stressing that in a number of ways the cumulative process, which has been in operation since the beginning of the First World War, has tied together international disintegration and national integration, so that they came mutually to cause each other. First, as I mentioned, national policies were often resorted to in order to protect the national economies against the effects of international crises. But, in their turn, these policies caused new crises or aggravated existing ones, leading to more protective policies on the part of individual nations, and so on. The substance of my reasoning in the last section has been that the succession of international crises could have lasting effects in gradually shaping national policies in an autarchic fashion because such a development of national policies had its own partly independent cause in the forces which pressed for further development of the national Welfare State.

These forces were strengthened by the recurring international crises and by the necessity to build up national protection against them; the emergency measures continually offered opportunities to take new steps towards realising the goals of the Welfare State. At the same time, the

presence and the increasing strength of these forces pressing towards these goals gave ever more impetus in all countries to the urge to take defensive actions against the repercussions of international crises.

In particular, the ideals of the Welfare State did not permit an internal adjustment to changes in the international sphere at the expense of full employment and other essential elements of those ideals, which had also become increasingly realised in firm institutions and working practices. In fact, as the Welfare State has developed and become institutionally ramified, it has become far less flexible, even if its ideals would have permitted it. Its policies are for a number of reasons intrinsically autarchic, and they are now firmly entrenched in our national institutions and ways of life. The national economy has been changed towards a maximum of internal adjustability, which increasingly makes it more possible to preserve internal stability, but only at the expense of lesser external flexibility, which must result in international instability and disintegration.

I think we will never be able to come to grips with the international problems of today and tomorrow, if we do not face this fact squarely: that our democratic Welfare State in the richer countries is protective and nationalistic. Therefore, in terms of our basic ideals, we have bought economic welfare at home—economic progress and a substantial increase in liberty and equality of opportunity for all within our own boundaries—at the expense of indulging in ever more nationalistic economic policies. In the circular causation of the cumulative social process, these policies have been strengthening the trend to international disintegration, at the same time as they have been adopted partly in response to the international crises, which have given rise to this trend. As the process of continual interactions continues, the entire institutional structure of the state becomes set in a matrix of economic nationalism.

### *Deeper Causes.*

For this direction of the policies in the modern Welfare State of the richer countries there are, however, still deeper causes, operating on the psychological, institutional and ideological levels. The experience of living and participating in an increasingly effective, democratic, national Welfare State must continuously tend to turn people's interests inwards.

As the volume and intensity of state activity increases, the national state becomes ever more important to the individual in his daily life: and by the "state" I mean here very much more than formal legislation and administration. The important thing about the modern Welfare State is, as I have already mentioned, that it is developing to the "organisational state". It is becoming ramified into all sorts of public, quasi-public, or private organisations which carry on collective bargaining and reach settlements with each other and the state on behalf of their members.

Thus they, as well as the state and its public organs, fix prices and earnings, set standards in all sorts of relations, regulate seniority rights on the job, and do a host of other things of immediate and clear importance for people's individual welfare. They circumscribe and define people's opportunities to advance in their career, to get the right salary, to get various amenities and additional payment, to get in line for their children to attend a school, for their renting a house, or for the possibility of building one under favourable conditions, and so on. All these institutions work within the framework and the boundaries of the national state; they are controlled by the state; and it is increasingly through them that citizens control the state.

By becoming more and more important to the people in their everyday life and by, at the same time, becoming less authoritarian and more governed by the citizens themselves and their organisations, the modern democratic Welfare State builds, ever firmer, its own psychological foundations in people's valuations and expectations. A growing identification with the nation state and with all the people within its boundaries is thus a natural result of the development of the democratic Welfare State. At the same time the policies of the Welfare State can proceed and ramify ever further, precisely because of this increasingly fortified basis of national solidarity of interests, which in a process of circular causation becomes both a cause and an effect of the continual development of the Welfare State.

This is the crux of the matter and the explanation also why the trend towards economic nationalism becomes so strong in the Welfare State. For a negative corollary to this growth of national solidarity within the more effective, and to the individual citizens more immediately important, Welfare State is, without any doubt, the tendency to a decline in international solidarity and, generally, to a weakening of people's allegiance to international ideals. The national state and all that goes on within its framework becomes to everybody the important practical reality, while internationalist strivings are impractical dreams.

The national state and the whole machinery for collective activity being built up within its framework, are regarded by everybody as increasingly effective and important and they therefore command interest, allegiance, and mutual solidarity. In comparison, the international machinery, when it is being set up, remains ineffective and seems unimportant from the viewpoint of the individual citizen in his strivings. Without any doubt, the Modern Welfare State is intrinsically hostile to international co-operation not only because many of its economic policies are nationalistic, but also for the deeper reason that it turns people's interests inwards and builds up a human solidarity which is limited by the national boundary.

I would like to see these important problems at which I have here

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only hinted, made the object of intense social study: the relation between the development of national Welfare democracy and the growth of nationalism, and the relation between the strengthening of national solidarity and the weakening of people's allegiance to international ideals.

*The Urgent Need For Reconciliation.*

As historical facts, the development of the national Welfare State and the growth of nationalism are thus closely correlated; and there are on the institutional, psychological and ideological level explanations why there is such a correlation. The problem facing the internationalist is: can this correlation be broken, or is it founded in the logic of things?

There are internationalists who assume that it is so founded. They have joined the reactionaries and demanded a demolition of the Welfare State in the interests of international integration. This opposition to the Welfare State has been ineffective and will, in my view, remain ineffective. The Welfare State and the goals it stands for—economic progress, welfare, security, and equality of opportunity to all—are deeply rooted in the valuations of a mature democracy; its further growth is guaranteed. We should not expect that any nation will be prepared to give up the economic and social gains of the Welfare State merely in order to avoid international disintegration.

But I mean that the larger part of the political measures, which make up the Welfare State, are either not at all in conflict with international integration, or could be shaped so as to be fully compatible with the wider goal. Theoretically, it is perfectly possible to co-ordinate the economic policies for a region and, indeed for the whole world. This is the only practical line towards a constructive solution to the problem I have posed.



## II

### ECONOMIC NATIONALISM IN UNDER-DEVELOPED COUNTRIES

#### The Widening Gap

A few countries in the temperate zones and inhabited by people of European stock—mainly the United States, the “white” British Dominions, i.e., Canada, Australia and New Zealand, and the countries in North-Western and West-Central Europe—have comparatively high levels of real income per head. Their economies are continuously developing rapidly.

On the whole, it is the already industrialized countries which are industrializing further. It is in this smaller part of the world where incomes are high that the largest part of capital formation takes place. With only minor exceptions, the capital created in these groups of nations is also invested there. This would stand out even more strikingly, if we included the capital which is invested in closely controlled enclaves for exploiting oil and other natural resources in the under-developed countries.

In these countries we are intensely aware of economic progress. Everyone who has come to mature age knows, from his own experience, that average incomes and levels of living have been rising very considerably in his own time. It is in these countries a common assumption for all individual planning as well as for national policy that incomes and living levels will continue to rise at least as fast in the future.

There is a small group of countries in a middle class position. But the overwhelming majority of people, more than two thirds of mankind outside the Soviet orbit, live in the regions we have become accustomed after the Second World War to call the “under-developed countries”. In these countries, real income per head is in contrast very low; in most of them it is much lower even than it once was in the richer countries at the time when they approached their industrial revolution one hundred, one hundred and fifty, or two hundred years ago.

On the average, economic development in the under-developed countries has been for a very long time, and is today, much lower. Some of these countries—as, for example, Egypt and probably also India and Pakistan—have in recent decades even fallen backwards in average income per head.

The short meaning of this is, that the non-Soviet World is composed of two distinct classes of nations: on the one hand, a small upper class group on a relatively very high level of economic well-being; all these nations are also experiencing rapid economic development; and, on the other hand, a much larger lower class group of nations, which are very poor and which are not progressing very fast, if at all. Between these two



groups there is, as I mentioned, a much smaller middle class group. The income gap between the richer and the poorer countries is very wide, and the gap has been continuously widening for a long time; it is widening now.

International economic inequalities are thus steadily increasing. This is a major economic fact in the world today, which cannot be emphasised too strongly. It goes against what we commonly tend to believe, because we do not want to believe it. And therefore it still sounds paradoxical, even after all the publicity about this fact, which the poorer countries have recently brought to world attention through the United Nations. This widening gap is a major element in the trend to international economic disintegration, when we think of the world as a whole.

### *The Great Awakening.*

Politically as well as economically, this large majority of lower class nations has been mostly dominated and controlled by nations in the small upper class group of richer nations, and to a degree this is true even today. By far the most important result of the Second World War was, however, to give both the opportunity for, and the incitement to, the beginning of the liberation of the colonial peoples. All international relations are now shivering under the reverberations of this political avalanche which, as we all know deep down in our souls, is bound to continue its advance till all peoples are thrown on their own, however ill prepared for independence they might seem to the nations which have ruled them.

The ascendancy of this world revolution is irresistible and it extends to all distant corners of the globe. Other poor and backward peoples who, though independent in form, were dominated economically and politically from abroad, now also begin to raise their aspirations. As this great movement evolves and unfolds it will have consequences everywhere and cause our lives to become different in all countries. The repercussions will fill the history of the rest of this century.

In the perspective of what we will see happening in the decades to come, the cold war, which presently absorbs so much of our attention, will be reduced to an unpleasant nuance or perverted modality of this world revolution, for which, as Adlai Stevenson observed, "Communism is more the scavenger than the inspiration". Communism and the policy of the Soviet Union and its allies are, however, not a major cause of the liquidation of economic and political colonialism; and to simplify matters I will here entirely abstract from the cold war and, in fact, restrict my discussion to the countries in the non-Soviet World.

These many hundreds of millions of people, who are now touched by the Great Awakening and are asserting their political and economic independence, have many things in common. Thus, for instance, most of them are coloured and carry resentful memories of segregation and per-

sonal discrimination practised against them in their own lands. In the protests which can unite them, the word "racialism" will regularly be found together with "colonialism", as signifying the things they are rising up against. Above all, they are very poor, illiterate and backward in all respects, and they are becoming conscious of it. The important thing is that they are not satisfied with liberty but demand equality of opportunity as well—and common brotherhood. They describe themselves hopefully, as "under-developed", with the clear implication that they should have economic development and a fuller share in the good things of life.

Ideologically, the Great Awakening is, of course, merely the rapid spread over the globe of the old ideals which are the cherished tenets of Western civilisation and which, in recent generations, have become realised to an ever fuller extent within the national, democratic Welfare State of each one of the richer countries individually.

#### *A Very Different Problem.*

Economic progress in the now highly developed and comparatively very rich countries, when it once had got its start, soon became a continual and steady development, until finally, in the modern Welfare State of the richer countries, further progress has become an almost automatic affair. Looking backwards and taking the longer view, we can see that economic crises and even the major turmoils due to wars have never had in those countries any more serious effects than causing some temporary reversal of the long-term trend which has persistently continued to rise. In their drive for economic development, the underdeveloped countries are up against very much greater difficulties than the now developed countries have ever had to face.

To begin with, they start at a much lower economic level. Usually the relation between population and natural resources is much less favourable. They do not have anything like the easy access to cheap foreign capital which the now developed countries had. They have not, as Europe had, outlets for emigration and they have not at their disposal the wide open spaces in a largely uninhabited new world. As they themselves are the poor majority of mankind they cannot plan their industrialisation as an exception to general stagnation everywhere else; they cannot rise as the now industrialised nations did, by exploiting as suppliers of raw materials and markets for cheap manufactured goods a surrounding backward world, which could be kept in colonial bondage even, for this purpose.

Their social structure is stiffer and less equalitarian because of prolonged economic and cultural stagnation. They do not inherit a society, based for centuries on the rule of law. They have lived in dependence and have not experienced the tradition, and usually not even the vision, of political democracy. Their entire culture is authoritarian and static

and much less rationalistic and less stimulating to enterprise, competition, and individual advancement.

These fundamental differences are, of course, behind the fact that the under-developed countries' economic development is so much slower and, in many cases, totally absent. They also make it very doubtful in respect to many of these countries, whether they will ever succeed to give a real start to economic development, particularly if the rich countries are not prepared to make very much greater sacrifices to aid them. To this problem of what can be done on the plane of international relations I will come back later. I have wanted, however, to insert this major reservation here, lest, when discussing today the lines of national policy of under-developed countries, I should be misunderstood to have assumed that they will succeed, or even that many of them have the possibility of success.

The difficulties are so very much greater that they create a totally different problem; this is one of the cases where quantitative differences turn into a qualitative difference. The view that the majority of under-developed countries can develop by a process of change fairly parallel to that which once occurred in the now highly developed countries, or even that very much can be learned by them from the historical experiences there, is superficial and false. A large part of the literature on economic development in under-developed countries presently produced in the richer countries, which is making use of such historical analogies, entirely misses the point and remains therefore irrelevant to the real problems of these countries.

In the under-developed countries' stagnation has ramified into their whole social structure and even put its mark on the complexes of beliefs and valuations prevalent among their populations, i.e., far outside the realm of the so-called economic factors. As the most fundamental differences are in those larger fields, far outside our economic theory, it is the easier to lapse into this systematic error, the more the analysis is restricted to economic models.

The mistake has also an opportunistic and political basis, and thus the character of a bias, as so much of our speculation about these countries and their problems is dominated by our wish—what we consider our interest—that they should follow policy lines which are akin to those of our own countries and develop into national communities politically and economically as like ours as possible.

There is a relative absence of self-propelled initiatives and of enterprise amongst the individuals of these nations—there is, indeed, the lack of such a basis for initiative and enterprise as the existence of the type of middle class which played such a prominent role in the development of the present-day developed countries. These things are so apparent that few serious students of their conditions have been able entirely to

hide from themselves that very much less takes care of itself in under-developed countries. Though the implications are not always drawn when we are giving advice to under-developed countries on particular policy problems, there is something like a general consensus of opinion that the countries which have been lagging behind, and in which by prolonged cultural and economic stagnation the impediments to development have become so very much greater, will have to rely very much more on state policy.

Indeed, all under-developed countries—except a few that have not yet been reached by the Great Awakening—are now attempting desperately to provide themselves with an overall, integrated, central state plan for economic development. Urgent advice to do so is given by all economists and statesmen in the advanced countries and confirmed in solemn resolutions in all the international organisations. Apparently, nobody in the richer countries, when he comes to study seriously the immensely greater difficulties in the way of economic development in the under-developed countries, sees any other way out than to advise them to apply central economic state planning, however different his attitude is to economic planning in his own country.

What the under-developed countries are thus advised to do is to attempt a totally different road to economic development than the one the richer countries have once followed. Indeed, they are advised to accomplish a complete reversal of the Schumpeterian model of economic development through the competitive activity of private entrepreneurs starting production and investing in order to reap individual profit. The uniqueness not only in their initial situation, but also in the economic policies they are forced to apply has usually been insufficiently stressed. And in judging their actual policies in particular practical cases we are apt to forget the advice of broad state planning we have given them.

My focus in these lectures is upon the growth of economic nationalism, and my first observation is naturally that, for many reasons, central state economic planning is by itself an invitation to economic nationalism. We have seen how in the richer countries the growth of the Welfare State has, through several lines of causation, led to an intensification of economic nationalism. Already at this point of my exposition, I want now to make the general point, that the fundamental differences in the actual situation of the under-developed countries will give them valid reasons to proceed even further along the road to economic nationalism than the richer countries have already gone.

#### *The Time Element.*

One more general point should be stressed before we go further. It relates also to the much greater difficulties the under-developed countries face today, compared with those the now developed countries successfully

coped with in their early stages of industrialisation. Exuberant expectations of economic development and higher living standards in all respects are being aroused amongst the masses of these peoples living in the greatest human misery.

To this we in the richer countries are continuously contributing in a mighty fashion already by our own high consumption standards, which in the time of modern effective communications create what Professor Nurkse has called a "demonstration effect". Everything else we say or do is apt to have the same results. As they are so desperately poor, these expectations will make it virtually impossible to get these peoples to accept a slow, gradual development. They need, and they crave for, a rapid and substantial improvement; as I have just pointed out, this is exactly what they are not experiencing today.

A very serious obstacle to rapid economic development is the high rate of population increase in most under-developed countries which, in their situation, is swallowing up all, or most of, their meagre new savings and capital formation. Nothing or very little is then left for raising the level of capital intensity in production which is the necessary condition for economic development.

And the prospects for the future are alarming. A rapid spread of effective birth control is a very difficult thing when attempted amongst a rural, backward population living in great poverty. Meanwhile the mortality rate can be expected to be brought down at a very fast rate, and not, as happened in our countries, by a slow process stretching over decades and generations.

As a matter of fact, the death rate in many spots of these poor regions is already lower today than it was in the richer countries when the older generation there were in their childhood. There is no reason why this should not become the general rule in all under-developed countries within a decade or two.

The explanation of this difference in population trends is the explosive development of medical science in recent times. It has made it possible to improve health and to avert death without raising living standards by the application of very inexpensive means. The immediate result of the health reforms on fertility is to raise it and thus to increase the rate of the growth of the population.

To raise living standards rapidly and substantially will therefore require very radical and effective measures to spur economic development. These peoples cannot wait on a gradual growth of economic opportunities, if they are not to be stuck in continued misery. This, however, they will be less and less prepared to accept. If it does become their destiny, this would lead to a political catastrophe of one sort or another.



*Rational Reasons for Nationalistic Economic Policies.*

Pressing on towards economic development in a poor under-developed country has, almost by necessity, the effect that the foreign exchange situation becomes strained. The need for import of capital goods will increase and higher earnings will have to be offered to workers in order to get them to move as required by the plan. This will hold true even if they should have the determination and the ability to set into effect a much firmer anti-inflationary policy than most of the richer countries have ever accomplished in spite of the fact that in their easier situation it would have been much more possible. An under-developed country will therefore be compelled to take vigorous measures to regulate its foreign trade simply in order to save foreign exchange.

It would have to follow such a policy, even if it felt there were no reasons for protection. But an under-developed country has quite special reasons, which the richer countries do not have, for utilising their trade regulations, primarily made necessary by their foreign exchange difficulties, to protect its infant industries. The impact of colonialism and economic stagnation during long periods has left its economy in a severely unbalanced state. It will have to undertake a great amount of nationalistic intervention in its foreign economic relations, before it even approaches the point where it would have need for the reasons the developed countries put up for their protectionist measures.

Being under-developed means precisely, from a market point of view, that industries do not initially have the strength to compete successfully, and also, that without protective measures there is not effective demand for all its labour, which therefore remains in open or disguised unemployment. The purpose of the national economic planning, in which all the under-developed countries are now becoming engaged with the blessing of the entire world, must indeed be to work out a strategy for providing investment, enterprise and labour with such protection from outside competition that the economy will be stimulated to begin to develop.

On the basis of such considerations I have argued the rationality of a "double standard morality" in commercial policy. To this problem I will return in my next lecture. But already here I need to make the general point, that under-developed countries have special reasons for interference in their foreign trade relations, which developed countries do not have. This, of course, does not imply that the commercial and exchange policies actually applied by the under-developed countries are very wise. On the contrary, in most under-developed countries these policies are neither well planned nor efficiently carried into effect. This explains the general tendency in the literature to advise the under-developed countries to abstain from tampering with their foreign exchange and from protectionism. But this kindly advice cannot very well be heeded, as it would amount to giving up economic development.

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Their economic interests are too obvious. The advice they really need is how to manage their trade and exchange restrictions more rationally and effectively. The remedy is better planning and more efficient administration, not abstention from such interferences.

### *The Political Need For Nationalism.*

My point so far has been to point at certain rational reasons in under-developed countries for giving their foreign economic policies a nationalistic direction. Taking account of these reasons and following out the logical inferences from them by practical policy measures would not necessarily involve any emotions at all. My next point, however, concerns the emotions: a strong streak of nationalism is a necessary and essential element in the political life of under-developed countries.

In those countries which until recently were colonies, or political dependencies under other appellations, a pre-condition for waging their fight for liberation from foreign domination was the spread among the population of very strong nationalistic emotions; this now, of course, holds equally true for the peoples who are still under colonial and semi-colonial bondage. The nationalistic emotions, needed for raising the peoples against the foreign rulers, cannot simply be turned off when their independence is won.

Nationalistic emotions among the people have also a continuous instrumental role to play. It is needed as a social force, creating the conditions for, and pushing forward, the economic, social, educational and broadly cultural policies within these countries themselves, without which no substantial and rapid economic development is possible. The new nations must be moulded into effective political entities which can decide upon, and enforce, those far-reaching policy measures which can release their peoples from cultural and economic stagnation. The primary task facing the political leaders of the recently liberated and very poor and backward countries, is to attempt to lift the people out of apathy and frustration, inspire them to feel the unity of nationhood, give them the vision of economic development, and install the discipline among them to strive effectively for the accomplishment of this development.

Their urgent need is to take the first steps towards national integration. Economic development is not possible under any other condition. And no integration of these peoples in a wider international setting makes sense, or indeed, is at all of a desirable character, unless it is preceded by national integration.

The initial situation in all these countries is one where most of the people are culturally and economically isolated in local and provincial communities and also split by social, religious and ethnic chasms and usually by extraordinarily large economic inequalities. This stale and rigid social structure is the consequence of stagnation over very long



periods. Its results have been a set and unchanged pattern of inequality and mass poverty, illiteracy and ignorance. At the same time this structure stands now as the main hindrance to economic development.

It is in the logic of things that colonialism nowhere did anything very effective to break this vicious equilibrium of stagnation, preserved by circular causation. The interest of the colonial rulers in *status quo*, i.e. stability of the sort that would permit their continued presence as rulers there, brought them instead often to magnify the existing splits and inequalities; and this is one of the main reasons why a real economic development so seldom resulted from the investments they made, or from otherwise beneficial activities of the colonisers.

A heavy dose of nationalism is thus needed to transform the amorphous, dispersed and divided masses of people, isolated in villages and there living under the spell of traditional *mores* and split in castes and classes, into national communities where people can experience that cohesion and that common national purpose which must be present as a basis for policy. For this reason the sluices of social and economic mobility must be opened, and opportunities must be made more equal, the spread of expansionary momentum from one industry and locality to others must be made more effective, the level of general education must be raised, and a widely spread participation in the ambitions of a common culture must be effected. In a stagnant, under-developed country, these are revolutionary changes. Very few of the under-developed countries have reached far in these strivings. But only under the impact of a strong nationalist movement does it become at all possible to take even the first steps towards national integration in this sense.

And when once given its chance, nationalism will feed on itself. A major effect, and indeed, a main purpose of the pursuit of the policies aimed at national integration, will be an increase in the feelings of cohesion and solidarity—and thus nationalism—as these feelings become limited by the national boundaries. In the ideal case, where the big reforms leading to national integration were really coming into effect, the psychological and ideological process of circular causation would resemble what we have seen happening in the Welfare State of the richer countries and which I discussed in the first lecture.

#### *Nationalism Beyond Reason.*

I have thus far been making the rational case for nationalism in the under-developed countries. On objective grounds nationalism there is defended to an intensity high above the helplessness and apathy, which in the typical case represented the initial situation. It is also, naturally, high above any nationalism which could have sense and meaning in a rich and progressive, nationally well integrated country. To prepare the way for a better accommodation between the two classes of nations in

the world, to preserve the best possible feelings between them, and eventually to give a start towards international integration, it is important that the general public in the richer countries be made aware of the facts:

- (a) that economic conditions in the under-developed countries are such that these countries have rational reasons for giving a nationalistic tinge to all their commercial and other foreign economic policies; these reasons do not apply to the richer countries, where economic conditions are different; and
- (b) that general social conditions in the under-developed countries are such that these countries need a strong force of nationalistic emotions to carry them through the preliminary stages of national integration in a social sense; again conditions in the richer countries do not raise such a need there, and nationally they could afford to keep nationalistic emotions on a very much lower level.

In other words, in under-developed countries struggling for social unity and economic progress a heavy dose of nationalism is a necessary stimulant and it serves them well to take it. But it is a dangerous drug. The real situation in most of these countries, and the danger in all of them, is that nationalism, when once awakened, has simply immense propensities to grow. It may rise to a level which has no rational justification, and it will then be deflected easily from being only a positive urge to internal solidarity and cohesion and devotion to national unity and integration, to becoming instead a negative resentment against foreigners in general and specific nations in particular.

It is indeed natural that this easily happens. These peoples lack the checks and controls present in our countries in the form of political traditions, stable administrations, and an educated citizenry. They are often steeped in violent ethnical and religious fanaticism, and this constitutes an emotional load that can be diverted into a swell of nationalism: to accomplish this diversion will sometime appear as the means to reach national integration by overcoming the internal chasms. They are becoming aware of their extreme poverty and backwardness. Hopes of progress have been awakened, which in most of these countries are largely frustrated. This makes it very natural that nationalism turns sour and becomes displaced aggression.

And they have been oppressed and discriminated against. They have experienced the greed of the foreign rulers who exploited the divisions and the tendencies to opportunism in their own peoples. In order to win national independence they have had to fight against a colonial power from the other side of the ocean. More generally, they will forcibly, and not entirely against good reason, argue that their misery and backwardness is not altogether their own fault. It will be put that, partly at least, the international system should be blamed, as it has permitted such a blatant inequality of opportunity between nations to arise.

Such understandable grievances against the upper class nations and particularly the old colonial powers can serve as expressions and rationalisations of a nationalism, turned into outward-directed animosities which become boundless and not controlled by a rational analysis of the history that has passed, and still less by the new nations' real interest in the present and the future.

The political leaders in an under-developed country will feel the rational need, which I have stressed, to foster nationalistic feelings in order to weld the nation into an effective political unit and to begin the process of national integration which is a precondition for any successful economic development. This will indeed also serve them as an excuse if, in keying up nationalistic feelings, they go very much further than can be rationally justified.

The crucial fact is that, in the general situation I have described, to foment nationalistic feelings is the obvious way to seek response from the masses of the people and usually also from the educated elite. It becomes therefore the most effective means, and sometimes the only means, of acquiring and keeping political power, which is the first duty of any politician, prior to any attempt on his part to accomplish something good for his people. The political life of an under-developed country is then easily turned into a competition between individuals and groups in appealing to, and thereby constantly arousing further, nationalistic sentiments among the people. The politicians have an additional motive to appeal to nationalism, and to slant it in the negative direction, in order to divert the attention of the masses when things are not going as well with national development at home as they may have promised. Aggressive nationalism affords an outlet for frustration.

The politicians may, then, easily bring themselves into a situation where they are virtually compelled to take policy steps against foreign interests which are not motivated by the country's true developmental interests but only by the intense nationalistic feelings amongst the people, which the politicians in power have to try to satisfy because of the risk that otherwise they cannot hold their power. And in this very process, in fact, because of these policy steps being taken and the discussion around them, these nationalistic feelings, which are the cause of these steps, will be further intensified.

These policies, the awareness of their background in aggressive nationalism in the poorer countries, the public expression of these attitudes as motivated for the policies, will tend to move people in the richer countries into a more nationalistic, negative and protective disposition against the poorer countries and their needs and problems. And again, in its turn, this must make people in the poorer under-developed countries still more sourly nationalistic.

And so, by circular causation, running within the countries as well as through their relations with each other, nationalistic emotions will cumulatively tend to rise in intensity. And the political distance between the richer and the poorer nations and, more fundamentally the difference in outlook on their own and each other's needs and problems, will then continuously widen.

Everything considered, I think that we should have had to expect that today the flames of nationalism in the poorer countries, turned into outwards-directed aggressive sentiments, would burn fiercer than they do. Part of the explanation is certainly that large sectors of their populations are still engulfed in the divisions, isolation and apathy of poverty and backwardness. Another part of the explanation is that the intellectual, moral and political leadership in many of these countries—for instance, very definitely India—belongs to individuals who are steeped in our Western civilization and who feel the immense danger in the situation, and who up till now have been in the position where they could afford to abstain from spurring nationalism too much, particularly in its negative manifestations. In both respects things might well come to change. Indeed, we should expect them to change.

#### *International Interest Clashes.*

Until a few years ago most of the poorer countries were either colonies or otherwise so dependent politically and economically on one of the richer countries that, on the whole, they were prevented from demonstrating on their own behalf, any economic nationalism in foreign relations. What nationalistic policy measures were taken in their names were for the most part aimed at protecting the interests of the metropolitan powers. National liberation means that state power can now be used in the interests of their own people.

Even without the urging by such explosions of consecutive waves of irrational and aggressive nationalism as I have been referring to, the economic policies of an under-developed country must, particularly in the earlier stages, take on a nationalistic tinge. As I have pointed out, an under-developed country has rational reasons, which developed countries do not have, for nationalist economic policies. These reasons are based on the fact that they have inherited an economy that is thoroughly unbalanced and stacked by inhabitants to economic development. It is unavoidable that to a large extent these policies must more particularly be directed against those richer countries with whom they have traditionally enjoyed the closest economic relations. For these relations represented colonial and semi-colonial dependence which has to be ended as a fulfilment of their national liberation. This, of course, goes against the interests of the countries which had appropriated privileges that must now be taken away from them.

A great number of long-established international economic relations have to be broken in this process, or changed fundamentally. In many cases an under-developed country will want to nationalise the foreign-owned installations for exploitation of its natural resources; in years to come, we will probably see many more instances of such forced changes of ownership and management. In such transactions, entirely outside the rules of a market economy, the granting of compensation can hardly be entirely cleansed of arbitrariness, even if the will to fairness were ever so strong amongst the nations which are now asserting themselves, which usually cannot be expected to be the case.

The reasons for a particular policy step in this process of national liberation may be strong or weak, may be sound or unsound; the settlement offered may be considered as more or less fair by the old owners. In any case, it will usually create resentment in the country against which it is directed. And in all the richer countries it will almost by necessity lessen the confidence in capital investments in and, indeed, confidence in business relations in general with, under-developed countries. In turn, these reactions in the richer countries will tend to hamper economic development in the under-developed countries and breed frustration. There they are apt to push nationalistic emotions among their peoples still further and will also tend to turn those emotions in the negative and aggressive direction.

#### *The Power Of The Poor.*

In this situation, remembering the accumulated explosive force of irrational nationalism tending all the time to turn into displaced resentment against the outside world, we should not be surprised when we find poor countries sometimes pushing their nationalism much further, to the detriment of foreign economic interest, than would seem to be to their own true national advantage. Their political independence affords them the opportunity of using that element of real power which consists in making themselves a nuisance of some sort or another, or threatening to do so. Indeed, as we have all to live on the surface of the same globe and in many ways are necessarily dependent on each other, the dissatisfied members of the world community have available—as they now rise to national consciousness out of long ages of apathy, local isolation and social chasms—blackmailing powers of considerable efficiency, which, gradually, they will learn to use to promote what they conceive to be in their own interests.

In many cases the people in an under-developed country feel—or under the influence of the emotional strains of irrational nationalism will be brought to feel—that they have been so maltreated by the world as a whole or by a particular country among the richer ones, that they will

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consider themselves right and just in using all political means at their disposal. As I said, emotional nationalism will usually provide what would be lacking in rational motivation for self-righteous feeling. And decades and centuries of Western colonialism which, in regard to the means employed, was never very restrained by moral considerations, have also contributed to the spread in the under-developed countries of the old cynical idea that any policy is justified that succeeds.

The under-developed countries are weak militarily, financially and commercially. Indeed, I most emphatically insist that this weak bargaining power in the world is one of the predominant elements of international unbalance today. However, the liquidation of colonialism cannot be stopped. And to use threats of military sanctions to restrain the policies of poor backward countries, which have won their independence, is, in the atomic age, rapidly losing its appeal in the richer countries where people are becoming more conscious of the dangers of releasing the third and final world war. In addition, as recent experiences have shown, small guerrilla bands, supported by passive resistance among the masses of a people, can make a stand against great armies equipped with the most modern lethal weapons. Bribes, in the form of economic aid, given to a country with attached political conditions or distributed individually to politicians and to groups, can have a certain effectiveness for a time. More permanently, however, these attempts will in a country where national consciousness is rising result only in strengthening the resentments against the foreign power that pays for it.

The plain fact is that the richer countries have no real defence against the blackmailing powers on the side of the poorer countries, if they resort to them. What the richer countries can do—and which to a large extent they are actually doing—is to take negative positions in regard to a number of things. They can refuse, and they do refuse, to lend the under-developed countries capital and to give them aid in any substantial quantity. They can continue to decline to enter into effective international co-operation in order to stabilise their export prices, to control international cartels in the industrial field and in shipping, and to agree upon means for improving the economic situations and the bargaining position of the under-developed countries in many other respects. But by taking these negative attitudes towards international co-operation, by remaining luke-warm in their approach to the development problems of under-developed countries, the richer countries are in danger of merely feeding frustration in the poorer countries and causing the aggressive nationalism amongst their peoples to rise ever higher.

Only in so far as we could make real advances towards a democratic Welfare World—implying and pursuing a growth of international solidarity on the part of the richer nations and, on this basis, a rising trend



of international co-operation to equalise opportunities on a world scale—can we hope that in the longer range the political leaders of the under-developed countries will feel that they can afford to abstain from using the power of the poor to blackmail the world community. On the other hand, it is equally apparent that nothing can more effectively consolidate the richer nations in their negative attitudes towards the poorer countries' desperate situation and their pressing needs, than a few flagrant cases of blackmailing. Again we are up against the vicious mechanism of circular causation having cumulative effects.



### III

## NATIONAL AND INTERNATIONAL INTEGRATION

### The Problem Facing the Internationalist

If the picture I have been painting in broad strokes in my two first lectures is at all correct, all countries are, and have been for a considerable time, on the way to becoming increasingly nationalistic in their economic policies. The implication of this for the world in the large is a continual trend towards increasing international disintegration.

The situations, and the courses of events, are very different in the two main types of national communities between which I have distinguished: on the one hand, the small minority of the Welfare States of the comparatively very rich and progressive nations and, on the other hand, the large majority of very poor nations in the under-developed countries, struggling against heavy odds to initiate economic development. But in both classes of nations, the nationalistic economic policies are related to the process of national integration. The integration already reached in the Welfare States of the richer countries is much more advanced only as a result of a long gradual development under quite exceptionally favourable conditions.

In the under-developed countries integration is mostly still barely a desperate beginning—a national purpose and a patriotic vision. In order to get anywhere—and this is necessary for economic development amongst other goals for national policy—national integration will have to overcome staggering impediments, firmly rooted in the inertia of a stale social structure and the torpid *mores* of people steeped in the tradition of stagnation. The inference I drew from my analysis, that under-developed countries have very important special reasons for nationalistic policies and even for nationalistic emotions, which the richer countries do not have, were related to this fundamental difference in the degree of national integration already reached as between the two classes of nations in the world.

Again, in both types of countries, three things are interlocked in a circular way: the sentiments of nationalism among the peoples, the nationalistic economic policies actually resorted to by the government, and the rise in national integration being accomplished by these policies. A change in any one of them becomes the cause at the same time as it is the effect of changes in the others. More particularly, the nationalistic economic policies, by their effects at home as well as abroad, are themselves continuously giving increased strength to the nationalistic attitudes which, in the final analysis make up the political forces that push towards further advance of these very policies. Within the causal relationships, the nationalistic economic policies thus become indirectly their own causes.

Perceived in its most general form, this is the vicious mechanism of progressive economic nationalism. We have studied how it operates in both classes of nations, in the very rich as well as in the very poor ones, though the different conditions cause great disparities in actual manifestations of the circular play of interactions that accumulate in their effects. And this is the reason why we must consider a continual rise of economic nationalism, even in future, as the "natural" course of world development. Economic nationalism will tend to feed on itself, and the problem facing the internationalist is therefore the very difficult one: how can this vicious circle be broken? How can the mechanism of circularly interlocking changes be stopped, and then started to move in the opposite direction? How can the trend of world development be turned away from increasing economic nationalism and international disintegration and instead become directed towards international co-operation and integration?

*A Moral Ambivalence.*

Related to this vicious character of the causal mechanism behind the dominant trend towards economic nationalism and international disintegration is the fundamental ambivalence in the valuation attitudes that well-intentioned and well-informed persons in the liberal Western tradition demonstrate when becoming aware of this trend. On the one hand, they feel that nationalism is wrong, bad, and damaging to the common welfare of all peoples.

They feel so when they take the whole world into their view of things, and when then, as they certainly should if they are honest and true to their deepest convictions, they apply to mankind as a whole the ideals of liberty, equality of opportunity, and universal brotherhood which are the moral tenets of our civilisation. Clearly the complete realisation of our ideals would bring into being a world without any boundaries between people and without national discriminations, a world where all men were free to move around as they wanted and to pursue on equal terms their happiness. Politically, the implication would be a world state, democratically ruled by the will of all peoples. Somewhere in the religious compartment of our souls we all harbour in a vague and non-committal form this glorious vision of a world in perfect integration, the *Orbis Dei*.

In the real world which is so very different from this idealistic image, and which is continually changing to become very more different from it, this positive valuation of internationalism *in abstract* can have no great consequence for people's political behaviour in everyday affairs. But it has a negative corollary, which should have practical significance to the well-intentioned and well-informed persons I am addressing myself to, namely the perils of which we must be aware, to peace, progress and welfare in all countries—even the richest—and which are inherent in the present trend to intensified nationalism everywhere and international disintegration.

When in no country this awareness of pending dangers effectively reaches down to the level where practical affairs are being considered, and when it does not more commonly activate good and well-informed persons to political action aimed at turning the trend, this points to the moral ambivalence to which I referred. And it has its origin in the fact that, to a large extent, though not exclusively, the operative forces, driving the development ever further in the direction of increasing economic nationalism, have rational motives: strivings in the individual countries to realise economic progress and security to all citizens, at bottom the very same ideals of liberty, equality of opportunity, and common brotherhood to which I referred as ours—though operating only within the national boundaries. In themselves, these strivings are, of course, right, good and wholesome for our national welfare.

As, however, these intrinsically good and rational strivings in the individual countries result in international disintegration, we are confronted with a true dilemma.

No nation can reasonably be expected to be willing to renounce its efforts to improve conditions at home. The internationalist therefore, to resolve this dilemma, will have to find the means by which national and international values can be reconciled. He will have to demonstrate how, by international co-operation, agreement could be reached on such modifications of national economic policies that would lead to a more integrated world economy, while at the same time, *nota bene*, these modified policies would equally well, or better, realise the goals of national integration in the several countries.

Theoretically, I believe this demonstration is possible. It is true, however, that the practical difficulties in the way of getting the peoples to accept, in the present climate of rising nationalism everywhere, such internationalistic solutions of their welfare problem and, thereafter, to allow and press their governments to labour constructively to reach international agreement and to carry them out in practice, are overwhelming. Now I want to outline the practical problem facing the internationalist—how to turn the trend.

#### *International Relations Of The Richer Countries.*

Let us first simplify things by considering only international relations between the richer countries. As a matter of fact, the larger part of the discussion of international economic problems, as it is carried on in the professional literature on these problems, as well as in the press and the parliaments, is concentrated on the interrelations between the richer countries.

To an extent, this limitation of interest is also rationally motivated. Though it is true that the people living in these countries are only a small minority of mankind, their share of world income, production, investment,

capital movements, trade and commerce is much larger. To each individual nation in this group its economic relations with the others in the same group are for this reason very much larger than those with the rest of the world. These nations also share between themselves most of the power in the world. To be sure, the way in which they regulate their international relations is bound to be of paramount importance for the under-developed countries. But they have the power, and, on the whole, they are free to do what they please with their commercial and financial inter-relations, and also with their relations with the under-developed regions. The countries outside their group have to accommodate themselves in one way or another.

Generally speaking, those other countries could have only a positive interest in the richer countries becoming more willing to integrate their national economies more closely. Such a development would mean a liquidation or modification of many inconsiderate nationalistic policies in the richer countries which are damaging to under-developed countries outside their group. In many other ways it would widen the elbow room of the richer nations and thereby free them from many of their present inhibitions to seek constructive, large-scale solutions of the ever more towering problems of their relations to the under-developed world around them. And the whole development could not take place without a strengthening of the machinery for international co-operation.

Fifty years ago these few richer nations formed what they are now forming today: a comparatively well integrated partial world community within which movements of persons, capital, goods and services flow fairly unhampered as between connected and communicating vessels. In my first lecture I attempted to analyse how this old partial world community of the richer countries—and their economic enclaves cut out in the backward regions—gradually disintegrated after the First World War. This occurred under the impact of the cumulative interplay between, on the one hand, an unbroken sequence of international crises, culminating in two world wars and the Great Depression between the wars, and, on the other hand, the economic policies followed in this epoch by the individual nations of the group. The national economic policies were applied by the governments to protect the security and welfare of their own peoples against the effects from abroad of international crises. But, continually, these same policies themselves aggravated the international crises or even created new ones, against which, again, new fortifications of national policy measures were built up.

In the individual nations of this group, this was also the epoch of their history when the democratic Welfare State was rapidly given shape and substance. Within the national boundaries the inherited ideals of liberty, equality of opportunity for all, and common brotherhood were being realised in a mighty stride of state legislation and administration,

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and, within this framework of public regulations of vigorous organisational activity on behalf of all interest groups within the national communities. National integration on a vast scale was advancing *pari passu* with international disintegration.

Indeed, economic nationalism was the general condition, under which in the richer countries the Welfare State came into being, and with the most wholesome results for their peoples. More specifically, the very policy measures taken in the individual states, which formed one set of links in the continually proceeding vicious chain-reaction leading to international disintegration, constituted basic elements in the construction of the Welfare State—or, in any case, those policies were all moulded to fit this major policy goal in all our countries. It is thus true that we bought national integration and a very substantial rise in social democracy for our peoples, at the expense of international disintegration of the old partial world community.

#### *Resistance To The Welfare State.*

Equalisation of opportunities between all members of the national community and a broader sharing in the national welfare was an essential part of the goal of this great movement towards the Welfare State and to an extent this had to be accomplished by placing financial burdens on the privileged classes and by restricting their freedom to use the power of wealth as they pleased. For some the Welfare State therefore implied sacrifices, at least in the short run. But the Welfare State had such a powerful influence in releasing the potential productivity of the people, that in the dynamic process of its gradual realisation an improvement of the working and living conditions for the poor could be carried out in an economically progressive economy and without depressing the conditions for those who were initially better off and who, in the first instance, had had to pay for the reforms.

That this could happen, however, was something of a surprise and an afterthought—even to most of the reformers of that period, who usually argued their case in static terms of social justice and for this end were prepared to demand some real sacrifices on the part of the well-to-do. It is indeed mainly an inference we have drawn later, when reviewing our experiences and then being able to establish that the anxiety of our upper classes had been groundless. But particularly in the earlier stages of this great reform movement it was natural that those who felt themselves having vested interests in the old order of our national communities mobilised political power to protect themselves and tried to resist the launching of the social and economic reform policies of the developing Welfare State.

As a matter of fact reactionary forces all the time carried on a rear-guard struggle against the reforms—until now in our most advanced countries the policies and practices of the Welfare State have been so

firmly established and become so generally accepted amongst the people that no political party can stand up against them. We are in these countries gradually reaching a situation where the political parties have rather to compete with each other before the electorate with proposals to carry forward still further the reform movement. This is the stage in the development of the democratic Welfare State which in Sweden has been called the "service state".

We have then come very far from the old quasi-liberal state as it existed half a century ago. The Welfare State is now developing further almost automatically. The social and economic reforms accrue almost as by-products of economic progress, which itself is spurred by the reforms in a cumulative process. No hard fights are necessary any longer. The reformers became largely dispensable, which undoubtedly renders our national scene less lively and interesting, more filled up by petty bickering, and sometimes animated with bad humour.

But once, not long ago, the reformers had a role to play, a struggle to wage. And my point here is, that in spite of all their valiant endeavours this whole development towards the Welfare State would probably not have got under way at that time and certainly not gained its irresistible momentum so rapidly, had it not been for the opportunity to, and to an extent the necessity for, large-scale state interventions in the economic life of our countries which was afforded by the long series of international crises, beginning with the First World War.

#### *The Old School Of Internationalists.*

During this whole era the political forces attempting to hold out against the popular reform movement towards the Welfare State had a powerful ally in the old school of internationalist economists who called for a radical de-mobilisation of the national economic policies in order to restore international economic integration.

These economists insisted upon a return to a system of greater international automatism where the individual national economies would have to adjust themselves to the changes in the world around them, even though this would sometimes be exacting and occasionally cause unemployment and business losses. They had the courage to raise this demand in this very epoch, characterised by the recurring, violent international crises. They could point out, however, that the magnitude and the obstinate persistency of disbalance in world economic relations were, at least to a very large extent, due to the national policies they wanted to abandon. It was caused by the reluctance of governments, and behind them the nations, to let the automatic adjustments to changes within the international system take their natural, even if sometimes painful course.

As it happened, the economists of this school then gave arguments to the reactionaries, who fought the Welfare State because they were against



economic equalisation. But fundamentally their value basis was a different one: they were internationalists. I do not agree with the practical conclusions of this school, for reasons which I will now expound. But before I proceed to criticise them, I want to stress, what I know so well from my close personal association with so many prominent economists who belong to this school, that in general they did not take their position because of callousness to poor people's sufferings but because they saw no other way of stopping the creeping international disintegration.

They were in fact, never true allies in their hearts with the political reactionaries. Indifference to the need for re-distributional reforms is not the great classical tradition of economic thinking, with which they stand in line as well as those who share my very different opinions. And I want to add that I agree fully with the old school in their major value premise: giving paramount importance to the urgent need to resist the development towards international disintegration because of the immense dangers inherent in this development. On this basic issue I have no dissident opinion to voice. Indeed, were I not able to see any other way out of the dilemma which I posed, I would have a split personality with half of my soul in the camp of this old school of internationalists.

### *A Forlorn Hope.*

I would not be able to hide to myself, though, that then international integration would be a forlorn hope. The state interventions, which the economists of the old school want to disband, serve national purposes and serve them on the whole well—at least, so people firmly believe. They are integral parts of the complex of policy measures which have gone into building up, and are now holding together, the national Welfare State. But none of our nations is prepared to give up or even slightly to dis-mantle the Welfare State. The "organisational state" cannot be de-organised, for people would not permit it to happen.

The Welfare State is an increasingly meddlesome one, but who should censure its movements in the interests of internationalism? To believe in the practicability of a return to international automatism becomes sheer utopianism. This is so when the national governments have once had the experience of managing the national levers of economic policy and, still more so, when this direction and execution of economic policies has become part of national politics about which the interest groups are contesting in the individual countries.

For a state of social automatism can exist only as long as certain taboos are respected: that certain things are not the object of policy and still less part of politics. A return to greater automatism in international economic relations would assume that a number of those relations were again fenced off from national policies and national politics. But social taboos cannot be established by a decision, founded upon reflection and discussion.

They never come into existence except in an absent-minded way: events happen to arrange themselves in a particular pattern of behaviour, in this case on the part of politicians, government officials and bankers; this pattern happens to avoid criticism and discussion and, in the ideal case, even conscious apperception and reflection; and its observance then becomes "matured", "sound" and respectable or, anyhow, aberrations from the pattern come to seem hazardous, unwise, and bad. Social taboos are shy, like virtue; when once broken they can usually not be re-established.

This is, indeed, a reason why some social processes are irreversible; and this one leading away from the relatively high degree of automatism, which in the nineteenth century ruled international relations, has definitely that character. One of the great economists of the old school of internationalists, my teacher and friend the late Professor Gustav Cassel, once when he was giving voice to nostalgic thoughts about the gold standard of bygone times, sadly summarised the wisdom of that remarkable chapter in Genesis about Adam's and Eve's falling into sin: "When man has tasted the fruits of the tree of knowledge of good and evil, he will never be as innocent again."

The economists of this school have usually been no fools, and most of them have not managed to remain unaware of the fact that a return to international automatism meets overwhelming resistance. In this situation most of them have gone a long way in bargaining with the political currents and opportunities of our time and, consequently, in compromising their own thinking. It has been almost a vogue among them to forswear allegiance to *laissez-faire* and old time Manchester Liberalism.

And by this accommodation they have implied not only readiness to accept re-distributional reforms, as long as these can be accompanied without interferences in production and trade. This, by itself, is well within the tradition from John Stuart Mill; but it did not lead far, as in actual life the re-distributional measures are mostly connected with such interferences. Under the risk of otherwise foredooming their work to irrelevance in regard to what actually was going on in their national communities, the economists of the old school have given up much more and regularly also swallowed whole structures of national policy measures. They did it in order to concentrate their fire on criticising some particular ones.

By compromising their thinking they weakened, however, the rational force of their argument. The dividing line they drew between national policy measures which should be tolerated and those which should be withstood—differently drawn by different authors and often shifting according to the needs of the moment—was in most cases merely implied or was, in any case, never made very clear, which is fully explainable as the attempt was arbitrary from the beginning and lacked a logical

basis. Under these conditions, of course, they could hardly put forward a very plausible case for their right to expect, as a result of their more limited advice if this had been accepted, a restoration in any appreciable degree of international automatism and, as a result, integration.

In the end, they regularly scored little success. The political history of this epoch is scattered by more or less dramatic incidents where those in power, backed by their peoples, acted contrary to the urgent advice of the economists, and almost found a particular pleasure in doing it.

### *The New School Of Internationalists.*

The Welfare State implies a closely organised economy. The organisational structure of this national economy is continuously being modified under the influence of the economic, social and political forces operating within our national democracies, but as a structure, it is supported by the people. It cannot be dismantled therefore, and in the final analysis this is the reason why the efforts of the old school of internationalists have been so completely futile.

But the old school of internationalists were right in insisting that international integration can only be reached by bringing down the barriers which are the effect of the national economic policies. As the nations would never agree to dismantle these policies—for which, in my opinion, they have valid reasons—I draw the practical conclusion that the only means of moving towards the goal of international integration must be to internationalise the existing structures of national economic policies.

The new school of internationalists, to which I belong, have their hearts engaged in the ideals of the Welfare State. Many of us have been among the social enquirers, who have made the blue-prints, and as experts and sometimes even as practical politicians actively promoted social and economic reforms aimed at further accomplishing the Welfare State in our countries. We identify ourselves wholeheartedly with this great reform movement of our time. Apart from our personal engagement in it, we know our peoples well enough to be convinced that, in any case, this movement cannot be stopped and reversed.

But we are not prepared to compromise our internationalist ideals either. If we want to find a way out of the dilemma of national integration and international disintegration, we must then face the necessity of directing our approach to the problem differently; we must aim at harmonising and co-ordinating national economic policy structures. By thus modifying national policies so that they fit into a scheme of joint efforts by the several nation-states to improve their economic conditions, we would clear away many of the effects of the national policies creating international disintegration and still preserve their intended wholesome results for the individual nations.

*International Co-ordination Of National Economic Policies.*

Surely, this is the rational solution, and, as I said, in theory it is perfectly possible. The condition is, of course, the willingness on the part of the governments and the nations to enter into international co-operation on a much larger scale than now.

If that will were present, so that government representatives could sit down together in order to have common economic policies, it would be immediately apparent that some phases of the national policies are not really very essential for national welfare in the several countries. To our common advantage they could be scrapped, if this could be accomplished not only in one country but in many. Some protective measures in all countries serve interests which, even if not altogether unimportant in the several individual countries, are small compared with the common interest of all nations to get rid of them, provided this could be done simultaneously as a result of a multilateral agreement.

The scope for this type of "international economic disarmament" would, of course, be widened, if conditions of stable international markets could be guaranteed, and, in particular, a high and stable world trend of employment and production. For, if greater international stability were achieved, many national economic policies aimed at national stability, could be safely scrapped. In the first instance, the quantitative trade and payments restrictions, which no governments and no nations really like, would be less necessary.

The efforts to achieve international harmonisation of national economic policies cannot stop, however, at creating the conditions where governments would be prepared to abstain from certain policy measures. The much larger part of the problem means policies which national governments cannot be willing to give up. We have to face the fact that the Welfare State is the "organisational state".

Neither in the markets of labour and of capital, nor of communities and services, is the play of demand, supply, and price now to any substantial extent free. It is regulated by the legislation and administration of the state and by all the public, semi-public and private organisations, which function within its framework and under its control. In the final instance it is these structures of organised interferences in the markets which have to be co-ordinated and harmonised, if we want to re-integrate the world economy.

Naturally, the demand cannot be for an absolute unification in the entire world of these organisational structures of all markets. As a matter of fact they are not unified in the individual states. In many of the most advanced Welfare States the trend in certain fields has even been towards a certain decentralisation of community controls, leaving more freedom for the municipalities and the organised local interest groups to decide

how people should live and work together. But national integration has implied that this has been allowed only within the setting of a common organisational structure which has laid down the general rules without which the national community would have disintegrated.

The same principle holds true in international relations, if we want to move towards a more closely integrated world community. Most countries in an epoch of rapid industrialisation will feel the need for an agricultural policy to protect the living standards of the tillers of the soil. To avoid international disintegration as a result of the agricultural policies of the several individual countries, this need should be faced as a common concern. If there was a basis of international solidarity, approaching in strength the existing national one, it should be possible to reach international agreements on national agricultural policies which would be so harmonised that they did not, as now, simply lead to a competition between the countries to shift their burdens onto each other.

Similarly, all countries feel reasons to support certain industries as part of a national development programme. Again it would be possible to review such national interests from a wider international angle and seek compromise agreement on lines of policies which on balance would be in the common interest by permitting development to the maximum while keeping the external damage inflicted by protective national policies as small as possible.

The labour market and the capital market are closely organised in all countries. But it should be possible to reach the essential favourable effects sought by these policies without leading to the almost complete autarchy, with practically no movements of labour and capital over the national boundaries, which is the present situation.

There would still be regulations, but in the new type of international relations, founded upon a widening of economic solidarity, there would be within these regulations very much more freedom of movement of factors of production and of enterprise as there is in the individual Welfare State. And between the countries there would be more of a rational division of labour and production according to the natural advantages of different regions and the aptitude and ambitions of their peoples.

As was the case in the individual Welfare States when they moved to closer national integration, so in the world at large this process of international integration would need the impetus of economic progress. Only in an expanding world economy would there exist the conditions for mutual generosity, without which it could not be hoped that this process would have any real momentum. But international integration, if it once was given a chance to get under way, would itself spur economic progress, in the same way as national integration has done in the individual Welfare States.

My main point against the old school of internationalists is that international integration has to be argued in positive terms of realising the goals of the national Welfare States, which are nothing else than our old ideals of liberty, equality and brotherhood, more completely and more effectively in the wider world community, and not in the negative terms of wanting to break up the policies by which people have tried to realise these goals and ideals in their national communities.

*The Difficulties.*

I have intentionally drawn my practical arguments to their logical conclusion and thereby clarified aims, which are very distant from the situation in international relations as it actually exists. On this point of my argument, I want now to make the observation that, broadly speaking, these aims as I have formulated them are the very directives which at the end of the Second World War were given the international organisations in the economic field as guiding beacons.

To a large extent they are agreed upon and set down in the founding documents of these organisations and confirmed in a multitude of usually unanimous, solemn resolutions. We have not moved very far. Measured in terms of the hopes once held out to the peoples when they were founded at the end of the war, the international economic organisations have been failures. But they still exist, and they will continue to exist. Even if our concerted attempts in these organisations are feeble and the results as yet small and insecure, this is their task. What we are grappling with in the international organisations, however inefficiently at the present time, is exactly to co-ordinate and harmonise national economic policies.

To explain the failure of the international organisations in the economic field would amount to explaining the difficulties which in the present constellation of entrenched national policies meet any practical attempts to build up international integration. This I will not attempt in the present context. But I would want to stress one thing.

I do not pretend that the solution I have suggested—international agreements on co-ordination of national economic policies—is easily accomplished in practice. But the alternative solution fought for so long and so valiantly by the old school of internationalists—the simple and large-scale demolition of national economic policies—is completely impractical and, indeed, politically impossible; in addition, it would demolish accomplishments in our countries of which we are justly proud. The solution I have pleaded for is, at least, a sensible goal, however difficult to reach, and one that would satisfy our ideals of both national and international integration.



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*Integrating The Under-developed Countries In The World Economy.*

Up till now I have simplified my treatment of the problem how to reach international integration by only dealing with the richer countries. When making the first approach, such a simplification is not unreasonable. These countries have most of the economic power in the world. And if they succeeded to co-ordinate their economic policies and to restore a better balance between their economies, the prospects for widening the sphere of international integration to encompass the other countries would be very much better.

But, naturally, the vastly more important part of the problem concerns the majority of nations who are under-developed, and who now live in the greatest misery, in most cases without succeeding to get a real start in economic development, for which they crave more and more after they have once become politically independent and seen the vision of a better life. If grave political dangers are to be averted, they must be integrated in the world on such terms that they can experience a substantial and fairly rapid development.

This cannot be done on the old lines of political and economic domination. Colonialism has gone and is going, and this process is final and cannot be stopped. It is possible to speculate whether it would have been possible to steer a wiser course a generation ago, if we then had known all we know now. We might then have been able to make the big change less abrupt and exacting for all parties. But such speculations do not help us today.

These countries are not only suffering from international disintegration. More basically they are badly integrated even nationally, and they inherit a severely disbalanced economy. I showed in my second lecture, that these two characteristics give rational reasons, which the richer countries do not have, for nationalistic economic policies and, to a point, also for the spread of nationalistic emotions to weld their peoples together in national unity. My first point, when I now come to draw the practical conclusions of my analysis of the rising tide of nationalism in the under-developed countries, is that, to that extent, it is also rational for the richer countries to accept their nationalism as healthy and productive of wholesome effects.

In the sphere of economic policies I have argued the rationality of a "double standard morality" as far as commercial policy is concerned. Both the Bretton Woods agreements and the attempts to create an International Trade Organisation were originally based on a false principle that all nations are equal and that the international community should be based on rules that applied equally to all. We might mean that they should be equal, but as they are not, equal rules lead to inequality.

This is now gradually becoming recognised both in the International

Monetary Fund and in G.A.T.T. As a matter of fact, the under-developed countries can on rational grounds demand that the richer countries decrease their trade barriers unilaterally, which they should be allowed as an alternative to raising their own. Probably the most important help we can give the under-developed countries is to recognise that our commercial relations with them cannot reasonably be founded on the principle *do ut des* and to take the consequences honestly and fully.

This holds true even without taking into consideration the further fact that in commercial policy their bargaining power is much smaller. In commercial negotiations they are constantly in danger of being forced to agree to import things which they do not want, either because they could produce them at home or because they cannot really afford to keep their markets open for them as they do not fit into their development programmes. My second point is, therefore, that the richer countries, if they wanted to promote economic progress in the under-developed countries, should use their bargaining power with greater consideration. This would assume a very different philosophy in the richer countries, in fact an adaptation of principles which they all take for granted when they are dealing with the needs of weaker regions within their own national boundaries.

My third request to the richer countries is that they should take more seriously the problem of stabilising the international prices of the primary products which make up the bulk of the under-developed countries' export. On balance, such measures would also be in the interest of the richer countries or, anyhow, not cost them anything in the longer run.

I know of no illustration of our economic nationalism and our lack of internationalism more striking than this, that while in almost all of the richer countries we have accepted it as a natural and perfectly normal thing that we should take effective measures to give the small minority of farmers higher and more stable prices, we have cold-heartedly refused to give serious consideration to the problem of stabilising international commodity prices—without raising them—in the interest of the under-developed countries.

Also, there would be good reasons to do something to control cartels in the industrial field and in shipping. This was also held out as a promise when the war ended, but the whole problem has been quietly buried.

This is only in the nature of giving a short list of some of the major problems of greatest importance if we wanted effectively to aid the under-developed countries to national integration and economic development and to bring them nearer a situation where they could be more effectively integrated on equal terms in the world economy. If the richer countries made a determined move to shape their regular economic policies a little more in the interest of the under-developed countries, this would be of vastly greater consequence than any aid which they could ever hope to get.

*Capital And Technical Assistance To Under-developed Countries.*

Very much the same applies to the influx of foreign capital, enterprise and know-how which the under-developed countries need and need very badly. In the main, foreign capital will have to be procured on business terms; under no conditions could capital grants-in-aid suffice. Similarly, they will have to pay for most of the industrial techniques they need; only a minor portion could ever be acquired gratis under national or international technical assistance schemes.

The private international capital market broke down in the beginning of the Great Depression and has not been restored. Individual governments, mainly the United States, and the International Bank have been lending some funds to under-developed countries. But all taken together, the capital so provided through public channels does not even approach the magnitude these countries could have hoped for, had the private capital market still functioned, and even less than what they really need.

The difficulties of again building up an international capital market and of steering it so that capital flows to the under-developed countries in some reasonable quantities are immense. I cannot discuss these difficulties in the present context. I want only to stress that in one way or another inducements have to be given for capital to move in this way. This is, indeed, how we have solved the parallel problem of procuring capital needed in the under-developed regions in the individual Welfare States. Governments have to play their role, but even the channels for private capital have to be opened again and made to function so that capital flows in substantial quantities to the under-developed countries.

The costs to the richer countries of paying for the inducements needed would be cheaper than those of financing grant aid. In my opinion, subsidizing private capital to move would also be more conducive to a healthy economic development in the under-developed countries. The international tension, the acute risks of wars and revolutions everywhere, and the reluctance in the under-developed countries to give scope and freedom for foreign investors and to guarantee the security of their investments, are tremendous inhibitions for the policy line I am recommending, and for the time being they exclude any serious and large-scale efforts on the part of the richer countries to provide the poorer ones with more capital for economic development. But, certainly, letting these countries starve for capital seems, on the other hand, the surest way of increasing the risks of wars and revolutions and of spurring their isolationism.

Even if a problem much smaller in magnitude than the under-developed countries' need for investment capital and industrial techniques, capital aid and technical assistance provided gratis has an important role to play. It can give them a better start, pay for some of the external economies they need and so even make them better credit risks when

borrowing money on more regular terms. For this purpose the appropriations for aid should be much larger. They would in any case never be a real sacrifice for the richer countries, comparable with the sums they never hesitate to pay for improvements at home or for their defence.

In regard to aid, I will only stress one point. Aid should be internationalised. An under-developed country is much more prepared to take advice and even directions from an international agency than from an individual country, particularly if this country is a world power involved in a world conflict like the United States. Unilateral aid may even create resentment.

But internationalisation of aid cannot be achieved as long as the burden is not more equally distributed among all the richer countries. To entrust it all to an international agency, when the United States pays nine-tenths of it, is not possible and would never work. The United States has such a large national income, that its share in an international aid scheme would always be very big—but not as big as at present.

A fairer distribution of the burden for aid is also a condition for increasing its scope. In the United States the willingness to pay for international aid would be much greater, if the Americans felt that the other countries in the group of the richer ones paid their share.

### *Can The Richer Countries Afford It?*

At the end, I would only want to stress my considered opinion that the richer countries could afford to give the under-developed countries their chance to see their demands for economic development and greater economic equality of opportunity realised. This is so if rational considerations were allowed to determine the issue. It could be done without impoverishing the richer countries. In fact, they would build firmer the basis not only for their political security but also for their further economic progress.

The richer countries would then not only have to give capital aid in larger quantities but in more regular forms. Much more important would be that they re-shaped their regular commercial and financial policies to agree better with the development interests of the poorer countries. It is my conviction that very broadly such reforms are in the common interest of us all—in the interest of the richer countries as well as of the poorer ones.

I observed that in the last few generations the richer countries have all transformed themselves individually into Welfare democracies. The result has been very much the outcome of intentional state policies. These policies, and the whole economic and social process in those countries, have been given their shape by evolving under the impact of the ideals of liberty and equality of opportunity, which were a living social force there.

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As these national communities moved towards greater equality of opportunities, the result was not only social peace. At the same time, the greater equality gave a spur to economic progress.

In the course of this development two questions were continuously asked: first, whether equalisation of opportunities would not, by impoverishing the leading classes, hamper economic progress; and, second, whether the poorer classes, by being released from the pressure of poverty, would not lose the incentive to work and save. The static conception behind these queries heavily dominated economic thinking until quite recently. Likewise, the reforms were usually advocated merely in the static terms of social justice.

Only belatedly, as an inference from our assembled practical experience in the actual political and social processes, has gradually emerged the dynamic theory that the equalisation of opportunities as between regions, occupational groups, economic and social classes, and individuals, was as much needed for raising the productivity of a nation towards the true potentialities of its members, as it was required for satisfying the demand for justice which is inherent in our ideal of a social democracy.

When we now face the wider problem of the glaring inequalities in the world at large, we should learn from our experiences at home: reforms in the interest of greater equality of opportunities, when wisely planned and courageously set into action, are likely to be paying propositions even for those who are better off and who, in the first instance, are asked to share their privileges and surrender their monopolies to those who are less fortunately situated initially. What we are reaching for is not a simple, static re-distribution of what the richer nations have more than the poor, but an "equalisation upwards" where, as opportunities become more equally shared, virtually all become more wealthy in real terms.

A sudden, large-scale income equalisation on a world scale is both an impossible and, I am inclined to believe, an unimportant objective. But certainly, as part of a much wider complex of economic policies, policy measures which imply a limited income re-distribution have their role. This is the aid part of an international programme to improve the chances of the under-developed countries. If however, the aid capital is put to good use—and particularly if, in addition to aid, the regular commercial policies of the richer countries are re-adjusted also to meet the development interests in the poor countries—the effect will be to help the poorer, under-developed countries to achieve a substantial and fairly rapid increase in output per head.

A higher productivity is not only a possible but, indeed, the natural and normal outcome of reforms in the interest of the poor. It is so already for the reason that productivity is a function of the level of living. The more important reason is that much more generally the social process is dominated, not by equilibrating reactions as in our static theor-

etical models, but by reciprocating and circular causation and a cumulation of changes. As this social process in the under-developed countries, if it can be given a spur to move upwards, is bound to have favourable repercussions in many ways in the industrially advanced countries which in the first place paid for the aid, the final outcome will be that the aid is a real burden to nobody but becomes compensated, and more than compensated, by a general rise in productivity and purchasing power. If this is true of the aid part of the policy changes, it is even more so for the policy changes, implying greater consideration for the commercial and financial interests of the under-developed countries.

A social scientist is biased in the direction of rationalism. In spite of all the fateful dispensations of emotionalism in this and the last generations, he clings to the belief that if knowledge of the dynamics of the cumulative social processes could be broadly disseminated among the people, and if it could be demonstrated how in a "created harmony", emanating from a purposive sequence of international compromise agreements, we all have a true interest in each other's advance, the political basis would be laid for concerted policy actions in the international field. Popular attitudes in all countries but particularly in the richer ones would need to be altered so as to support not only a larger and steadier flow of capital aid to the under-developed countries, but also radical changes in the richer countries' ways of doing business or not doing business—with each other and, in particular, with the poorer countries.



## Article

# Understanding American Foreign Policy

By Trevor Reese

It has been said that whenever the British look to the United States for a foreign policy, they see not the American eagle but only the rear end of an ostrich. It has become fashionable throughout a large section of the Western world to disparage and sometimes to ridicule America's treatment of international problems, and although much of the criticism is undoubtedly valid, much also stems from a certain amount of jealousy and resentment at the unquestionable fact of America's leadership of Western democracy. This unquestionable fact is one that many British people, in Australia as well as in the United Kingdom, find unpalatable, and it encourages prejudiced denunciation of American foreign policy, which is seldom given the consideration it deserves. It is our right to criticize; it is also our duty to understand.

One of the greatest fallacies to which many critics are prone is the assumption that Anglo-American friendship may be taken for granted, that the English and the Americans are virtually two sections of the same people. In reality, they are two distinct peoples whose interests do not always coincide in detail and who continue to harbour bitter personal animosity towards each other. America's animosity towards Britain derives originally from her colonial association with her as a mother-country in the eighteenth century, and today, as Professor Brogan has pointed out, many Americans have, "or think they have, a traditional Anglophobia to cultivate; otherwise they are letting their revolutionary ancestors down."<sup>1</sup> This underlying antagonism has survived the comradeship of two world wars in the present century, and has been illustrated since 1945 by the refusal of the United States to continue co-operation in nuclear research, and by the exasperated refusal of the United Kingdom to consult her Atlantic partner before intervening in the conflict between Israel and Egypt in October, 1956. That body of American opinion which thrives on anti-British propaganda had a carnival over the Suez intervention, while both in Britain and in Australia there were those who are always ready to point an accusing, condemning finger at the United States. What these critics forgot was that hitherto the United States had had no policy in the Middle East because she believed Britain had such a policy and had respectfully allowed Britain to handle matters there. It

1. D. W. Brogan, "Politics and United States Foreign Policy", *International Affairs*, Vol. 33, No. 2 (April, 1957) p. 167.

was not until the inadequacy of British policy became apparent that the United States was compelled to hastily concoct one of her own.

Another element in the underlying cleavage between Britain and America lies in the much misunderstood field of "imperialism" or "colonialism." The United States was born out of a colonial revolution, and her anti-colonial philosophy is enshrined in the Declaration of Independence. As a result, she has always been sympathetic to the aspirations of colonial peoples, and this sympathy has been the occasion of some embarrassment when linked with the need to preserve the loyalty of such vital allies as Britain and France, two of the foremost colonial Powers. The attempt to be on good terms with colonial peoples and colonial Powers at one and the same time has often led inevitably to the dissatisfaction of both.

Perhaps the most notable instance of the Anglo-American rift on this issue lay in the differing interpretations which Sir (then Mr.) Winston Churchill and Franklin D. Roosevelt placed upon Article 3 of the Atlantic Charter of August, 1941. This article declared that "they respect the right of all peoples to choose the form of government under which they will live and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them." Prime Minister Churchill reckoned this applied only to the Nazi yoke and not to the British colonies. President Roosevelt thought otherwise, and he is recorded as saying: "I've tried to make it clear to Winston and the others that, while we're their allies and in it to victory by their side, they must never get the idea that we're in it just to help them to hang on to the archaic, medieval Empire ideas".<sup>2</sup> But Roosevelt was dealing with the wrong British Prime Minister if he wanted satisfaction on this score. In his Mansion House Speech in 1942, Churchill gave a warning: "Let me, however, make this clear, in case there should be any mistake about it in any quarter. We mean to hold our own. I have not become the King's First Minister in order to preside over the liquidation of the British Empire".<sup>3</sup> And in his account of the war it is clear that the British Prime Minister found American meddling in imperial issues increasingly tiresome: "The concern of the Americans with the strategy of a world war was bringing them into touch with political issues on which they had strong opinions and little experience," and he gives a practical admonishment to an idealistic nation: "states which have no overseas colonies or possessions are capable of rising to moods of great elevation and detachment about the affairs of those who have".<sup>4</sup>

Since 1945, the cleavage on colonial issues has been between the United States and France rather than between the United States and

2. Chester Wilmot, *The Struggle for Europe* (Collins, London, 1953) p. 634.

3. R. E. Sherwood, *The White House Paper of Harry L. Hopkins* (Eyre and Spottiswoode, London, 1948-9) p. 653.

4. W. S. Churchill, *The Second World War. Vol. IV* (Cassell, London, 1951) p. 185.

Britain, perhaps because of Britain's more enlightened colonial policy, but it is since 1945 also that the American dilemma has been most marked. France complains that the United States has given her insufficient support in suppressing rebellions in Algeria, whereas the Algerians noted that the arms which France used against them were supplied by her N.A.T.O. ally, the United States. America's professed anti-imperialist doctrines have failed to win her much appreciation among the subject peoples, and it is a source of some annoyance and surprise to the United States that Africans and Asians do not necessarily share the high opinion she has of herself in the imperialist field.

Her traditional hostility to imperialism is a factor in the moralistic, idealistic attitude with which the United States approaches international affairs, and which the State Department has inherited in part from the influence of President Woodrow Wilson. In 1913, Wilson refused to recognize in Mexico a military dictatorship established by revolution, and he refused on the democratic grounds that just government rests always upon the consent of the governed. "It is a very perilous thing," he said, "to determine the foreign policy of a nation in the terms of material interest. It not only is unfair to those with whom you are dealing, but it is degrading as regards your own actions . . . We dare not turn from the principle that morality and not expediency is the thing that must guide us, and that we will never condone iniquity because it is most convenient to do so".<sup>5</sup> Wilson regarded it as his duty and right to withhold recognition from any Government which did not measure up to the moral and political standards of the United States.

A nation that appeals to moral principles in international affairs will have difficulty in getting them universally accepted, for such principles may be construed as reflecting, in fact, the nation's moral prejudices. Furthermore, any attempt to apply moral principles to international dealings can lead to perplexing positions from which extrication becomes well nigh impossible, as may be seen from some of the elements in America's treatment of Communist China.

When it became clear in 1949 that the Chinese Communists had decisively defeated Generalissimo Chiang Kai-shek's Nationalist forces, the State Department issued a white paper denouncing the Nationalist regime as "so inept, selfish, purblind and faithless as to be lost beyond hope of resurrection." The logical conclusion from this was drawn by the United Kingdom in January 1950 when she accorded *de jure* recognition to the Government of the new Chinese People's Republic. Britain was convinced that the Communists in China had come to stay, and having for centuries lived in diplomatic relations with countries of whose Governments she disapproved, she was not disposed in this instance to permit

5. R. S. Baker and W. E. Dodd, *The Public Papers of Woodrow Wilson* (6 v., Harper and Brothers, New York, 1925-7) III, p. 69.

ideological considerations to prejudice her. On the long view, it also seemed sound policy to prepare the way for wooing China from undue reliance upon her Russian comrade, and recognition could be regarded as the first step in this direction.<sup>6</sup>

For the United States the problem was not so straightforward. The Chinese Communists began a vituperative campaign against America and in October, 1949, arrested the American consul-general in Mukden. Senator Joseph McCarthy launched a vicious onslaught upon Communist sympathisers in the State Department, and North Korea's invasion of South Korea in June, 1950 sealed the American refusal to recognize Peking, and this refusal has now become an apparently long-term factor in the foreign policy of the United States.

It is fair to state that America's China policy is riddled with anomalies. Recognition of a Government does not necessarily mean approval of it but rather an acknowledgement that it effectively exists, and to refuse to acknowledge the existence of something that is palpably existing is a dangerous form of national self-deception. If the Peking Government is established in its authority then recognition should be accorded on conventional grounds; if it is regarded as a transitory regime then the failure to recognize it is for all practical purposes a declaration of hostility that should obligate attempts to secure its overthrow, but this is ruled out by America's determined emasculation of any ideas the Nationalists may have had of returning to the mainland from Formosa. If moral indignation enters at any point into the policy of non-recognition then it would be logical to withdraw recognition from a nation that becomes immoral, but the United States has never withdrawn recognition once granted to a Government that has remained in power. The inference would appear to be that a Government must be moral in order to be recognized but need not remain moral in order to continue to be recognized.

It has been argued that the United States first wishes to be satisfied that the Chinese Communist Government is capable of carrying out its international obligations. If this is so it is not altogether just or consistent. In the summer of 1954, the revolutionary Government that emerged from a brief civil war in Guatemala was recognized at once; two changes of President in Argentina in 1955 were each recognized promptly, and other forcible changes of Government in Bolivia and Cuba were recognized without delay, and in each case their capacity for carrying out international obligations must have been conjectural. It has to be admitted that China's entry into the United Nations would give the Communist countries greater voting strength, but two vetoes in the Security Council are no more obstructive than one, while in the General Assembly China's admission would probably be conditional upon the admission of several other countries not necessarily of Communist sympathy. Moreover, China would become

6. H. C. Allen, *Great Britain and the United States* (Odham, London, 1954) pp. 963-4.

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less dependent on Russian backing and her tendency towards independence from her ideological partner might be accelerated.

America's idealism has been clearly evinced since 1946 in her new-found faith in a world organization, the United Nations. At the end of the Second World War, the Americans firmly believed the war had been fought for high moral and humanitarian ideals; they imagined that the old complexities of world affairs were no longer valid, that the co-operation of the allies in time of war would be continued in times of peace, that international relations henceforward would be conducted selflessly and with the good of mankind as a whole for the objective. The elimination of the old-style, immoral politics of power was to be symbolized in the United Nations, in the efficacy of which the United States has preserved a persistent faith. Mr. Dulles has said he is convinced that reliance on the United Nations is America's main contribution to "the cause of international law and order." However virtuous this may appear in one sense, is it not in another sense tantamount to an abdication of responsibility? The inherent danger was pointed out in the Canadian House of Commons on 14 January, 1957 by Mr. Lester Pearson, then Minister for External Affairs. The United Nations, he said, is not a substitute for the national policies of its members. "It reflects those policies, it influences them, but it rarely creates them. I think it is wrong, even dangerous, to suggest that it does or to try to replace the necessity of hammering out wise and constructive policies among one's friends merely by a resort to high-sounding moral platitudes at the Assembly."<sup>7</sup> The Australian Prime Minister uttered a similar warning in December, 1956: "But I do venture to say that it will be a misfortune if America, so to speak, delegates her foreign policy to the General Assembly of the United Nations. No problem can be sensibly dealt with in the United Nations unless powerful leadership is given to it. Any leadership must depend upon consideration of the problem before it ever reaches the United Nations at all. I would like to see the United States pursuing its own international policy, following its own line, seeking reference to the United Nations as something appropriate when international disputes arise, but not regarding such reference as a foreign policy in itself."<sup>8</sup>

The use of the United Nations as a world Government would depend upon the unwarranted assumption that the Great Powers possess a substantial unity of purpose. By Article 25 of the United Nations Charter all members undertake to carry out the decisions of the Security Council, but the unbridgeable chasm between East and West combined with an almost cynical use of the veto power has gravely impaired the Council's potentiality as an executive authority. Since 1950 there has been a tendency for the Council to be circumvented by the General Assembly, but far

7. *Current Notes on International Affairs*, Vol. 28, No. 2 (Feb. 1957) p. 157.

8. *Ibid.*, Vol. 28, No. 1 (Jan. 1957) p. 55.

from being an improvement this practice would seem to be of dubious value so far as the United States is concerned. Nowhere in the Charter do members undertake to obey the recommendations of the Assembly, but by Article 18 (1) an Assembly recommendation that is carried by a two-thirds majority becomes a decision of the Assembly and a failure to comply with it constitutes a breach of the obligations of membership, acceptance of which is a condition of membership under Article 4 (1). A majority of the members of the Assembly lack the sense of responsibility imposed by the expectation of having to make a substantial contribution to any positive United Nations action they advocate, and as Lester Pearson said, they are able "to force through, by sheer voting strength, resolutions that are impractical and at times quite unreasonable. In reverse there is the power of a minority of one third plus one to prevent reasonable and useful resolutions of the majority which we may consider ourselves to be both practical, reasonable and desirable."<sup>9</sup> It can be seen that for a Great Power to delegate any part of its foreign policy to the Assembly is a highly dangerous proceeding. Moral pressure which the Assembly may apply will influence only moral nations; generally, a nation that accedes to the Assembly's verdict will do so not because of the adverse arithmetical majority but because of the necessity not to antagonize one or two important elements within that majority. Speaking in the House of Representatives on 1st November, 1956 about the Egyptian situation, Mr. Menzies remarked that "we are not living in an academic world";<sup>10</sup> there is some reason to fear that the United States may still cherish the illusion that we are.

The idealism, some people would call it naivety, to which Americans are prone in international dealings can be attributed partly to the inexperience that arises from prolonged periods of self-imposed isolation from world affairs. Between 1814 and 1898 the United States had no war with a foreign Power; she did not enter the First World War until 1917 when Germany's submarine campaign compelled her to do so, and after 1920 she once again deliberately withdrew from the problems of world politics. The breakdown of international security in the 1930's was due in no small measure to the rejection by the Americans of responsibility in maintaining collective peace after 1920: "Absorbed in their own affairs and all the abounding interests, activities and accidents of a free community, they simply gaped at the vast changes which were taking place in Europe, and imagined they were no concern of theirs."<sup>11</sup> The United States could not permanently remain aloof from a world in which three authoritarian states were running amok, and her attempt to do so was destined to collapse before the pressure of events, but by constant repetition of her

9. *Ibid.*, Vol. 28, No. 2 (Feb. 1957) p. 157.

10. *Ibid.*, Vol. 27, No. 11 (Nov. 1956) p. 734.

11. W. S. Churchill, *The Second World War*, Vol. I (Cassell, London, 1948) pp. 60-1.



intention to remain isolated she came to believe she actually could, until by 1940 she had made herself so nearly truly isolated that for a whole year the preservation of Western democracy hung precariously on the courage and skill of the United Kingdom. Blandly ignoring the global framework of their country's security, Americans imagined that by keeping to themselves they could avoid getting involved in any war, an assumption that contained one obvious flaw, namely, that the question of involvement would be determined exclusively by the United States, that she herself would never be attacked. The basic facts of the world situation were not brought home with all their tragic impact until the Sunday morning in December, 1941 when Japanese bombers smashed Pearl Harbour. The following day Congress declared war, and American isolationism was ended for all time.

As a result of this heritage of isolationism, however, the United States has been obliged to shoulder the responsibility of leading the Western world with a wealth of international inexperience behind her. She is doubly unfortunate in having to approach her innumerable difficulties through a barrage of ill-judged and often malicious criticism from her allies. It is not unusual in Britain and Australia for squeals of foolish joy to go up whenever America apparently falls below her own declared moral standards, and the Suez crisis of 1956 showed how wounded pride can lead large sections of public opinion to attribute unworthy motives to the American Government, to point accusingly at the oil interest of certain prominent Americans, to discern some sinister connection between a Hoover in Washington and the vacuum in the Middle East. Such jealous outbursts do nobody any good, and are scarcely calculated to improve that relationship between the United States and the English-speaking members of the Commonwealth upon which the free world depends for its future safety.

It is reasonable to suppose that Australia has a vital role in this respect, for Anglo-American co-operation is an essential element in her security, and it is consequently a debatable point whether Australia was not unwise in supporting the British line on Suez so unequivocally in 1956 and thereby forfeiting the right to help bridge the subsequent rift between Britain and the United States. In his statement of 1st December, 1956, on the Middle East, the Minister for External Affairs declared: "In the last three weeks, in Washington and New York, I did my utmost in private and public, to bring the United Kingdom and United States back into high level discussions. Although I had every evidence that Australia still remains on terms of the closest intimacy with America and with Britain, what I had to say in this regard on behalf of Australia did not produce any noticeable response from the United States."<sup>12</sup> It should be a source of regret that Australia was unable to contribute so constructively and

12. Current Note, Vol. 27, No. 12 (Dec. 1956) p. 829.

positively as Canada and India towards easing tension and preparing the ground for at least a temporary settlement of the Middle East disturbances.

On 8 November, 1956, at the height of the Anglo-American crisis over the situation in Suez, Mr. Menzies stated in the House of Representatives that he and his colleagues had "repeatedly affirmed that the free future of the world depends primarily upon mutual understanding and co-operative action between the people of the United States and those of the British Commonwealth."<sup>13</sup> This is not a new or startling sentiment; it has long been an explicit principle with Sir Winston Churchill. To ensure such co-operative action, however, it is necessary for the United States to rectify the failings in her foreign policy and for her partners to do more than merely criticize. It is America's part to learn; it is our part to understand.

13. *Ibid.*, Vol. 27 No. 11 (Nov. 1956) p. 743.

## Reviews

**"THE UNION OF BURMA."** A study of the first years of independence, by Hugh Tinker. Issued under the auspices of the Royal Institute of International Affairs. (Oxford University Press, 1957.)

This is the first general account of Burmese affairs since independence. The author states that he set out to provide a sequel to the late John L. Christian's fine work entitled "Modern Burma" (1942), which was later republished with additional material as "Burma and the Japanese Invader" in 1945. This Dr. Tinker has most certainly achieved. More elegant in arrangement and as clearly written as Christian's book, "The Union of Burma" becomes equally indispensable. It should also be remarked immediately that not only has Dr. Tinker had a larger, more complex subject to analyse—particularly in the field of politics, which has now acquired an intrinsic importance it lacked under British rule; and of foreign affairs, which did not exist as a specifically Burmese activity in Christian's day—but he has clearly had a vastly more difficult task in assembling the necessary data than would have faced students of British Burma.

However, with the possible exception of the organisation of the Anti-Fascist Peoples' Freedom League (and this more the fault of AFPFL reticence than anything else), all the necessary information has been assembled and deployed ably and fairly. Some students might have liked a little more information on minority problems but even here Dr. Tinker shows he understands a good deal more than most Rangoon politicians about this complicated problem. On the other hand, he does not confine himself to providing the facts. He does not shrink from drawing the necessary inferences, sometimes couched in quite severe language, in areas from which all but the boldest Burmese critics would steer clear. For example, his indictment of Rangoon University is simply devastating. And yet having destroyed almost all the claims to respect this body could muster, he writes: "The university is the keystone of the Union; if it ever begins to crumble, all else goes." And he still holds out some hopes, which one might have thought his analysis had destroyed in advance, for the university's future.

This is not inconsistency: it is the kind of end-of-chapter optimism which the buoyant Burmese milieu seems to impose upon nearly all foreign observers. One adds up certain political or economic sums and arrives at a deplorable figure; then one realises this kind of calculation is not really relevant. It ought to be but it is not. Dr. Tinker's severe strictures on the quality of various ranks of the Burma Army do not prevent his ending up with an almost fervent tribute to its morale. This reviewer again does not believe there is any inconsistency. Or again,

Dr. Tinker lucidly exposes the curbs on Press freedom (including the smashing of printing presses) while concluding that Burma enjoys as free a Press as any in S.E. Asia. Apart from Thailand (since Dr. Tinker wrote his book) this is quite true.

But it should not be inferred from the above remarks that sympathy has prevented him illuminating all manner of disabilities at present hampering Burma's recovery: the gap between economic plans and achievements (in part the fault of American advisers); the omnipresence of nepotism in public life; the tendency for *raison d'état* to transcend the Law; the lack of a developing parliamentary system.

The extraordinary thoroughness of the book may be adequately pointed up merely by remarking that Australia has been mentioned several times, though its importance in Burmese affairs is scarcely breathtaking. One error should be corrected in subsequent editions. The suggestion on page 245 that "a silent decision" was taken not to compensate landowners whose properties were nationalised may conceivably have once been true. But in fact terms of compensation have now been published.

There is a useful short glossary for readers unfamiliar with Burma; the maps are distinctly better than is usual in such works; and there is an excellent biographical list of the principal figures, living and dead, of post-war Burma. It is a pity that at the end invidious comparisons with the rest of S.E. Asia had to be made. And not only a pity: it is open to doubt, to put it mildly, that "Among the nations of S.E. Asia, Burma alone has found an alternative to Communism which offers an appeal to the imagination of the people. "But such a last-minute extravagance can very easily be forgiven Dr. Tinker who has produced in most admirable fashion the book all students of Burma have been awaiting.

GEOFFREY FAIRBAIRN.

C. S. Belshaw: *"THE GREAT VILLAGE,"* Routledge and Kegan Paul, London, 1957. Foreword by R. Firth. Text pp. 259; appendices pp. 40; 16 plates. Published price £stg. 1/10/-.

This is a study of the economic and social welfare of the residents of Hanuabada, the settlement that forms "the native quarter" of Port Moresby, the capital of Papua. Contact with Europeans has been closer and more prolonged here than elsewhere in the territory, yet the conditions as described are deplorable. The Australian Commonwealth as long ago as 1906 accepted the responsibility for fostering the well-being of these people so that they would be able to take a place among the civilized nations. If in the next fifty years we make as poor a showing as we have done in the last we shall have to admit that we have no

qualifications as a colonial power. The Hanuabada folk today are poorly educated, underemployed, poverty-stricken, badly fed, and riddled with disease. They live in a slum, and for many of them the chief occupations for the hours of leisure are gambling and drinking. Belshaw demonstrates clearly that the fault lies not with the natives: it rests in part on the Australian government for its failure to make adequate subsidies to permit the financing of the ordinary public services without which progress is impossible, and in part on the officers of the local administration for their continuing paternalism. If people are to develop they must be allowed freedom of choice. Of course, they will sometimes make mistakes, but that is the only way to learn.

Port Moresby is located in a dry belt, and the surrounding countryside is not suitable for commercial agriculture either by natives or Europeans. The Hanuabada men have thus been forced to enter employment to earn an income. Yet the schooling available for the majority has hitherto been so poor that most workers are only semi-skilled, and industry cannot afford to pay them a living wage. The few who have by good luck managed to acquire a sound training are seldom able to take advantage of it because a colour bar prevents them from occupying senior posts. Poverty, here as in other parts of the world, goes hand in hand with undernourishment and a high death rate. The people are insecure, with the result that their old fears of sorcery, far from diminishing, have actually increased. No improvement is to be expected until the anxieties are removed by better living conditions and a growth of general knowledge.

Both the specialist and the ordinary reader will find fascinating material in the book. Only a few points can be mentioned here—the retention of the remoter ties of kinship although these now fulfil no practical purpose; the substitution of money for some of the traditional valuables in bride price payments, the resulting inflation, and the inevitable delay in marriages; the absence of trades unions, which the natives are fully capable of organizing themselves; and the lack of training facilities for the women and the consequent loss of companionship between husband and wife, who now have little in common but sex and the care of the children. But perhaps the most interesting sections are those in which the value of ceremonial is discussed. Europeans condemn the Hanuabada for their expenditure on feasts. The money, so it is argued, ought to be spent on objects of solid utility. But at present the sole means whereby a native can acquire prestige among his fellows is by offering them entertainment: and it would surely be a mistake to divorce status in the community from considerations of welfare.

Belshaw has made a pioneering study of an urban New Guinea society. It is to be hoped that others will follow the example. The most pressing need now is for a similar investigation of the Rabaul people,

who are economically the most advanced in the two Australian territories and the potential spearhead of political agitation. Apart from information supplied by the Reverend George Brown in 1910, we know absolutely nothing about them.

IAN HOGBIN.

*"THE CROATIAN NATION", edited by A. F. Bonifacic and C. S. Mihanovich ("Croatia" Publishing Center, Chicago, 1955.)*

To most informed people Croatia is one of the six constituent republics of the Yugoslav federation, contributing 4 million to the total Yugoslav population of 17 million, similar to Serbia in race and language but distinct in religion, script, geography, and historical-cultural tradition. This symposium is an attempt to convince Americans and others that Croatia is an oppressed nation exploited by Serbs, a "western" country under the control of the "east", an outpost of Christianity and civilization crying aloud for liberation.

The editors make some claim to objectivity and lack of bias. "Up to the present time there existed no book in the English language which objectively and thoroughly presents the national question of Yugoslavia, especially the Croatian question". One of the contributors criticises Kerner's "Yugoslavia" (U.N. Series, 1949) as "a pro-Serbian and Pro-Tito symposium." But the Preface to "The Croatian Nation" itself suggests that it is a point of view which is being argued ("a correct view of the Croatian question"), while the 419 pages which follow make this all too evident.

We are in a world of Balkan historiography, where statistics serve a directly political end, where books are published abroad because they cannot be printed at home, where whole editions are bought up by political opponents so that they may be suppressed, where the content of history revolves round racial arguments, ancient legal claims, and the story of assassinations and massacres.

The book contains twenty chapters by seventeen contributors, all Croatian emigrants and mostly academics, members of the Church, or both. It has many of the disadvantages of a composite work, for instance overlapping, repetition, and unevenness in quality. But it has one advantage over most books of this kind. Despite the editors' belief that "each author wrote from his own viewpoint", it can be said that, with two exceptions, the contributors share a common outlook, albeit one which many scientific historians would reject.

The writers come mainly from emigrant groups in the United States and Rome, though one writes from the Argentine, where Pavelic and some of his supporters have refuge. It is the Pavelic-ustashi point of view which predominates. There appear to be no figures from the



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Macek (Croatian Peasant Party) group. The extreme nationalist orientation is also suggested by another feature—the striking lack of reference to Pavelić's "Independent State of Croatia" (1941-45). Practically the only reference to this regime occurs in the first chapter, a "Chronological Review of Croatian History", a date list strangely replete with political comment. The entry for the year 1941 is worth quoting in full, for it suggests the underlying ideology of the book (The period from 1941 to 1954 bears the caption "The Cry of Liberty is Stifled").

Declaration of war on Yugoslavia (April 6) was a message of joy to the Croatian people, for it meant at last freedom from Serbian tyranny. Within four days the Croats disarmed the Yugoslavian Army in their territory. On April 10, Colonel Slavko Kvaternik announced the restoration of Free Croatia, 23 years after the forced destruction of Croatia's independence and 843 years after the last Croatian national dynasty had become extinct. Ante Pavelić became head of the state. Vlatko Macek retired to private life, but the majority of his fellow representatives considered it their patriotic duty to help in the construction of the new state.

Only in the chapter by Dr. George W. Cesarich, "Yugoslavia was created against the Will of the Croatian People", do we find even a shadow of criticism of the Pavelić regime, in a footnote: "During the Second War, the Croats valiantly fought the Serbian Chetniks and Tito's Communists . . . However, this does not mean that they approved all of the actions of the government which in 1941, under very difficult circumstances, was established in Croatia".

The awkward thing is that during the war the Serbian Chetniks and Tito's Communists had the support of America and her democratic allies, to whom this symposium is presumably directed. A similar difficulty arises in the reference in the chronological table to the German attack on Yugoslavia. "In 1941, Cvetkovic-Macek coalition struggled to preserve peace and neutrality. To carry out their aims, they joined the Axis pact (Germany, Italy, and Japan)". Most Anglo-Saxon readers would need to be convinced that the best way of preserving peace and neutrality was by joining one of the belligerent groups.

Probably the three outstanding contributors are Prof. Rev. Krunoslav Dragonovic of Rome, Dr. Ante Ciliga of Paris, and Prof. Ivan Mestrovic of Syracuse, New York. These are almost the only ones who are given the honour of a biographical note at the head of their chapters. Yet two of these three do not share the general position of their colleagues, and are a little apologetic for their presence in this company.

Ivan Mestrovic, world renowned sculptor, is Professor of Arts at Syracuse University. He was one of the members of the Yugoslav Committee set up in 1915 to work for political union of the South Slavs.

His relations with the present regime in Yugoslavia are friendly, at least sufficiently so to let him dedicate his home in Split as a national museum. The extract from his memoirs which is printed in this volume ("The Yugoslav Committee in London and the Declaration of Corfu") stresses that he does not wish "to give offence to anyone and still less to be a contribution to the misunderstandings between the Croats and Serbs, which in their present form are unquestionably very detrimental to both parties". His account of the political activities in which he was engaged from 1915 to 1917 is pleasantly written and cast some light on problems involved in the establishment of Yugoslavia.

Dr. Ante Ciliga's contribution is entitled "Tito Failed to Solve the National Question in Yugoslavia". Ciliga was Secretary-General of the Communist Party of Croatia from 1922 to 1925, and spent the following 10 years in the Soviet Union, the last five of these in prison. Ciliga stands for a Balkan Federation, based in the first instance on a Yugoslav Federation which includes Bulgaria. He supports Croatian independence only in so far as it represents the first step to a federation of the Balkans. The nationalities question is a crucial test in assessing the success of communist Yugoslavia. Much of the strength of Ciliga's accusations rests on his analysis of Pijade's constitutional statements of 1944 and the 1945 Croatia Constitution. Recent developments are neglected, particularly the growth of decentralization since 1950, which is embodied in the 1953 Constitution. Moreover, the genuineness of Yugoslav federalism must involve consideration of the degree of financial autonomy. Ciliga does not tackle this (though Petricevic does so briefly in an earlier chapter). Ciliga sees Macedonia, Kossovo-Metohia, Bosnia-Herzegovina, and Croatia as colonies of Serbia. The fact that the Vojvodina, Slovenia, and Montenegro are better off is explained as a typically colonial method—"to find or to buy some colonial minority against colonial majority". His assertion that "the Serbians do not wish, and even under various pretexts try to prevent the union of all Southern Slavs, including Bulgaria" seems difficult to square with Tito's moves for a Balkan Federation in 1944 and 1947.

The Reverend Dr. Krunoslav Draganovic, Professor of Church History at the University of Zagreb until 1944, is on the war criminals list of the Yugoslav Government. He contributes chapters on "The Biological Extermination of Croats in Tito's Yugoslavia" and "Croatian Lands in the Light of Statistics". The forcible conversions and massacres of Serbs carried out by Pavelic's "ustashi" during 1941-45 are well authenticated and fairly widely known. Draganovic counters by underlining the massacre of Croats. Undoubtedly such massacres did occur. Yugoslavia during 1941-45 was engaged in civil war (partisans against chetniks and ustashi), a national war against invaders (partisans and chetniks against Germans and Italians), while inter-racial and inter-religious clashes help to add confusion.

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The issues involved in these fierce struggles, in which 1,700,000 lives were lost, or 10% of the population, are capable of almost endless interpretation.

This much can be said for Draganovic, that in his later chapter he makes the closest approach of any contributor to admitting wrongs perpetrated by his own side when he grants that "we must condemn whoever was responsible for them (the bloody conflicts), irrespective of his nationality".

Only a few of the more blatant crudities in this book can be mentioned here. Italy is urged to look southwards to Africa, leaving Dalmatia to the Croats, Pope Leo X being used as supporting argument (p. 84). The Pax Americana of to-day can only be fully realised when it becomes a Universal Christian Peace, which includes granting everybody's rights, including Croatia's (p. 353). In Bosnia Moslems and Catholics must unite against Serbs, for "they belong to universal religions" (p. 381)—not the first time in history that attempts have been made to unite Moslem and Christian against Christian.

The more useful sections of this compilation include Petricevic's chapter on "National Oppression and Economic Exploitation of Croatia", which presents some good material (based on a 1938 publication by Bicanic) on Great Serb hegemony within the Kingdom of Yugoslavia; Murvar's chapter on "The Vlachs of the Balkans", which promises to be interesting but consists almost wholly of quotations, so arranged that the latter part of the chapter contradicts the interpretation in the first half; and Bibic's fairly sound survey of "Yugoslavia in Western Strategy", even though the conclusion that Yugoslavia "is neither worthwhile as an ally nor dangerous as an enemy. Tito's 32 divisions have no value" seems far too facile.

"The Croatian Nation" is equipped with 10 irredentist maps, and a number of footnotes. Statistics are plentiful even when, as in the penultimate chapter ("Croatian Economy") relevant up-to-date figures are clearly unavailable. While there is an index, lack of chapter titles at the head of each page impede speedy reference. The typeface is pleasant, but the use of bold type for emphasis is overdone and becomes tiring. The quality of the translations varies.

The final paragraph in the book stresses its major political purpose. "We know that the actual political setting of Europe lacks permanence. We hope (and we are ready to help) that the United States will play a big and decisive part in future deliberations for a sounder political arrangement of Europe". But one suspects that the sponsors of this appeal are working against the historical current. Yugoslavia has now existed (with a wartime interruption) for almost four decades. If anything, the next four decades are more likely to see Ciliga's scheme of a wider Balkan Federation than an independent Croatia.

"The Croatian Nation" is a book which reveals almost as much about one section of the Yugoslav emigration as about Croatia, and needs to be read with extreme caution if one is not to gain misleading ideas about Croatia, Catholicism, and modern Yugoslavia. But the extremism of this view should not lead to a reaction in the other direction. One cannot deny that there is still a significant hiatus between the southern and northern republics in Yugoslavia. The "Christian Science Monitor" of April 19, 1957 suggests the Croatian attitude is not one of full-throated separatism but rather of a desire to "go it alone" within the communist federation. Croatian money (and Serbian) is diverted to assist the economic development of the less advanced republics, as is mentioned in "The Croatian Nation" (p. 224). But the issue is what interpretation should be given to the policy and the local reaction to it. A writer in "The World Today", May 1957, makes a comparison with Welsh and Scottish nationalism in the uncertainty of depth and of future potential. He warns against overestimating the divisions in Yugoslavia and underestimating the importance of the Army and Party as uniting factors, and sums up, fairly enough, that "Tito divides Yugoslavia less than the Karageorgevic monarchy which was always Serbian in outlook".

ALAN BARCAN.

**"IT'S YOUR RESPONSIBILITY, CITIZEN!"**. A review of Donald Ford's book, *"The Delinquent Child and the Community"*, Published by Constable, London, Eng. Price 24/-

Juvenile delinquency in one form or another is a problem in every country of the world. Its incidence grows as the divorce rate rises and educational standards decline. It is partly due to what Toynbee calls the "moral devastation of war", and partly to the social shortcoming of what we call 'modern civilization'.

Donald Ford in a recent book, *"The Delinquent Child and the Community"*, says:

"It is important to bear two sets of factors in mind when approaching the problem of juvenile delinquency; we can give our attention to the individual and particular act or we can examine the act from the point of view of the environmental conditions and social context in which it appears—these two sets of factors, both equally valid, should be treated as complementary. We can look at each individual delinquent and attempt a detailed, complex and, inevitably, long-term investigation of the causation of the act or series of acts or we can look more generally at a particular community and try to discover reasons for the appearance in that community of certain types of behaviour year in and year out which may result in acts of delinquency; we can then try to discover whether there is any predisposition to certain sorts of behaviour which might arise as a result of particular factors in the community. Both types of investigation are of value but the latter is probably more immediately valuable when considering prevention..."

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Mr. Ford's book is in two parts. The first part deals with the way in which the British community deals with the delinquent children; the second considers the problem—the nature and prevention of delinquent behaviour, the social factors involved, the child at work, youth clubs, slum clearance.

The British Welfare State shows great concern for its young; Mr. Ford describes vividly the care that magistrates take to ensure that children guilty of offences shall be helped to develop better social attitudes. He describes the Classifying School to which children are sent for a decision on which type of corrective school will best suit their needs. Then he goes on to describe the various types of Approved Schools. The prime role of the Approved School, he says, is "to make good certain general failings of the community in its treatment of children and, as a corollary, the dealing with certain personal defects appearing in the children—physical, psychological, emotional and social".

Mr. Ford says that this acceptance of responsibility by the State upsets many people because they prefer to think "in terms of individual delinquent acts committed by identifiable individuals who behave as they do of free choice and in the full knowledge of the consequences and yet this is not the case, or only extremely rarely".

All of us, who have studied delinquents and their case-histories, know that Donald Ford is quite right. But my impression is that most people, including some clergymen and some teachers, still think in terms of individuals deliberately "choosing the wrong path!"

The second part of "The Delinquent Child and the Community" proves beyond doubt that:

"The community is not divided neatly into those capable of delinquent acts and the rest. Such a monolithic view of human personality is unscientific and bears little relationship to modern insight into human nature."

Mr. Ford examines the Teddy Boy, England's version of what one American writer has called "the child in delinquent society" and says: "Quite obviously society must protect itself against such lawless tendencies and it must also try to solve the basic problem of why such groups come into being in such widely scattered areas. We must recognise, however, that this country (Britain) is not alone in having to face this problem; if evidence from abroad is to be trusted, then this is not a problem confined to this country nor to Europe. Indeed, judging from such evidence as comes from abroad, I would say that our own form of adolescent hooliganism is one of the least vicious though that should not make us regard it more complacently."

It is true that Britain's delinquents are generally less vicious than those of U.S.A., South Africa and some European countries; this is because more is done in Britain in the way of preventive education and

child welfare than in any other part of the world except New South Wales. Donald Ford does not waste many words on praising British institutions, he looks with a critical eye at every factor that might contribute to the prevention of juvenile unhappiness.

He examines defective neighbourhoods, defective social organizations; the quality of school life; the role of the teacher; the parent-teacher association; the rejection of authority in adolescence; the child at work; treatment of homo-sexuals, sexual offenders and the unmarried mother; functions of the Youth Club; slum clearance and problems of the new community on the new housing estate.

This second part of the book has the major message for Australians. Ford emphasises that it is necessary to look at our communities critically and "see what instruments there are available for creating new avenues of progress for individual children and also to discover what agencies there are at work for bringing children into the main stream of society, so that they have a valid role in it."

One of the most important agencies for improving the quality of life for English adolescents is the Youth Club. We in Australia have neglected our youngsters in this field. The average Australian town or suburb provides several pubs, a bowling club, a Returned Soldiers' Club and perhaps a "Gentleman's Club"—but clubs for the adolescent boys and girls (who need them most) are very difficult to find.

Donald Ford writes of the splendid clubs which have done much to reduce juvenile delinquency in Britain:

"Most people believe they know something of the way they work. Their obvious function is to provide a number of recreational facilities of one sort and another which interest youngsters; for many people their main value is that they serve to keep young boys and girls off the streets. To think of youth clubs exclusively in those terms is to miss part—and perhaps the most important part—of their contribution and value to society.

"The youth club does provide a wide range of facilities for a number of different interests. It provides for sports, hobbies, various forms of instruction and it also provides for social activities of various kinds. Many people see the provision of facilities for purposeful activities as its prime function. In my view these things are the means to an end and not an end in themselves.

"The most socially valuable thing the youth club provides is an opportunity and a place for youngsters to come together, to meet and to get to know one another; this function is a vital one in most of our industrial communities.

"If, in fact, numbers of youngsters find themselves in adolescence out of touch with anything durable in their social environment and inhibited, for one reason or another, from establishing easy and worthwhile relationships with others, the youth club can provide an opportunity for them to come into association and to make good something of this defect. The club may very well be built round a programme of activities which will interest its members but maintenance of those activities should not mean the loss of opportunities for less formal association; the prime social value of the club is likely to emerge from these less formal activities."



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That Youth Clubs and Youth Committees, of citizens interested in helping young people, have been effective in England, is shown by figures which are quoted to indicate the decline in the incidence of juvenile delinquency in Britain, which various observers have noted. There are, of course, many causal factors in this reduction in the number of offences by juveniles, but undoubtedly the principal cause is the British characteristic of community-responsibility; there seem to be more Britishers ready to give unselfish service to others than is usual among other nations. To see the exact opposite of the London County Council's work for the welfare of children, you need only read "Children of the Sun" by Morris West; a book about Naples, where thousands of homeless children live on the streets without the majority of the city's adults lifting a finger to help them.

"The Delinquent Child and the Community," by Donald Ford, is a heartening book to read; all who are interested in those children who drift into trouble will find in it a comprehensive, objective study of British practices and institutions, and, some wise comments on the general principles of prevention of juvenile delinquency.

DONALD McLEAN.

Sir Ivor Jennings, "CONSTITUTIONAL PROBLEMS IN PAKISTAN", Cambridge University Press, 1957, pp. xvi, 378.

Sir Ivor Jennings, now Master of Trinity Hall, Cambridge, has acted as Constitutional Adviser to both the governments of Ceylon and Pakistan. One of the products of his term as Vice-Chancellor of the University of Ceylon, during which period he acted as Constitutional Adviser to D. S. Senanayake, was *The Constitution of Ceylon*, now in its second edition, which surveyed the whole structure of the central government of Ceylon. The first published product of his experience as Constitutional Adviser to the Government of Pakistan is the work now reviewed which is of quite a different nature. It consists of four judgments handed down by the Federal Court of Pakistan extending over 291 pages together with a 75 page introduction by Sir Ivor, and concerns the primarily legal problems arising out of the interim governmental structure of Pakistan after partition.

The Constituent Assembly of Pakistan was created in 1947 by Lord Mountbatten as the Governor-General of a still united India, to draw up a constitution for the new Dominion of Pakistan. This the Assembly failed to do until 1954 when it produced a draft constitution; before that document could be signed the Governor-General, Ghulam Muhammad, issued a proclamation declaring a state of emergency on the grounds that the constitutional machinery of Pakistan had broken down and that the

Assembly had lost the confidence of the people. Subsequent administrative action indicated that the executive deemed the Assembly dissolved, i.e. the President of the Assembly was so informed by one of the Ministers in the new Government, the President and members of the Assembly were prevented from entering the Assembly Building, and the President was asked to vacate his official residence. The President of the Constituent Assembly then sought writs of mandamus and quo warranto from the Sind Chief Court, and was granted relief by that Court; however, on appeal the Federal Court held that the Sind Chief Court had no power to grant such relief because the statute purporting to grant such power to the Chief Court had never been signed by the Governor-General, and therefore was void. This decision brought into sharp relief the dual role which the Constituent Assembly had been playing under the Indian Independence Act, 1947, whereby it acted both as a constituent assembly preparing the constitution and as the ordinary legislature of the Federation of Pakistan. Because it regarded itself completely as a constituent assembly, and because it was felt that a stigma of subordination to Britain and the Crown was involved, the assent of the Governor-General had never been obtained. The consequence of the decision was that all legislation passed by the Assembly after 1950, when it amended its own composition by such a statute, was void, together with a considerable body of provincial legislation passed by provincial legislatures regulated by such statutes. In an attempt to remedy the consequences of this legal catastrophe the Governor-General issued an Ordinance under s.42 of the Government of India Act, 1935, which for most purposes was still the principal constitutional instrument in Pakistan, purporting to validate the majority of the Acts invalidated by the decision. This Ordinance was promptly declared invalid as ultra vires the Governor-General's powers under s.42. The Governor-General then validated retrospectively the provincial legislation which had been invalidated by the first decision—again under s.42, and, in respect of the Acts of the Assembly which were still void, he (i) assented to thirty-five of them, although such assent could not have retrospective effect except in certain limited circumstances, and (ii) issued a proclamation purporting to validate them, pending a reference of the matter to the Federal Court seeking its guidance. At the same time he referred certain questions to the Federal Court for an advisory opinion under the Government of India Act, 1935, and issued a proclamation and an order summoning a new Constituent Convention. The Court replied that the Governor-General had had power to dissolve the Assembly and call another Constituent Assembly (but not a Convention), and that pending ratification by the new Assembly he might validate the Acts in question. The advisory opinion was then affirmed in a case on appeal to the Federal Court.

The dust cover declares that "this is a work of the first importance for constitutional lawyers, historians of modern Asian politics, legislators

and students of Commonwealth relations," and for once such a claim is quite justified. Few law libraries will be found to contain the Pakistan Law Reports, and, although the lucidity of the judgments enables them to be read easily without assistance, the careful analysis of Sir Ivor Jennings' introduction gives additional perspective. The introduction is more easily followed with the texts of the Government of India Act, 1935, and the Indian Independence Act, 1947, to hand, even though relevant passages are quoted extensively from time to time, and of course appear in the judgments. However, the greatest interest in the work comes from the judgment of Muhammad Munir, C.J. in *Federation of Pakistan v. Moulvi Tamizuddin Khan* and his opinion in the *Report on the Special Reference*. In the first the learned Chief Justice examined the concept of democracy, the status of Dominions within the British Commonwealth and in particular the effect of independence on India and Pakistan, the function of the King's assent in constitutional systems modelled on the British and with it the role of the Governor-General in a Dominion which, in matters of legislation, he eloquently denied is either "that of a nodding automaton or that of an autocrat", and the extent of the prerogative in a Dominion. In the second he examined the prerogative from rather different aspects, and in particular the power of dissolution, the role of a constituent assembly and the problem of the perpetual legislature, and the law of state or civil necessity—summed up in the maxim "salus populi suprema lex". Whilst the historian of modern Asian politics may be more likely to recommend Mr. Herbert Feldman's little book, *A Constitution for Pakistan*, for political history, he will find this work a useful source, and the student of Commonwealth relations will find it an interesting additional chapter to Keith's *Responsible Government in the Dominions*. For the constitutional lawyer here is a rare treat indeed. The culmination of the whole complex problem dealt with in the four cases is set out by the Chief Justice in his opinion on the Special Reference:

"The point that arises, and I am not aware if it has ever arisen before in this acute form, is whether in an emergency of the character described in the *Reference* there is any law by which the Head of the State may, when the Legislature is not in existence, temporarily assume to himself legislative powers with a view to preventing the State and society from dissolution. In seeking an answer to this question resort must necessarily be had to analogies and first principles because the law books and reported precedents furnish no direct answer to the precise question which today confronts the judiciary of Pakistan."

Chief Justice Muhammad Munir cites Bracton and Darling, J., but it is significant that he quotes Cromwell for "the best statement of the reason underlying the law of necessity":

"If nothing should be done but what is according to law, the throat of the nation might be cut while we send for someone to make a law."

Lest it be thought that these judgments are an invitation to Caesarism, both pronouncements of the Chief Justice maintain a firm balance on the role of the Head of State. He quotes with approval Dr. Evatt on Dominion Governors, and affirms that if a Governor-General refuses to accept the advice of his Ministers it is clear that he must go, and be replaced by one who will. The most that the Governor-General can do in the normal sort of political crisis, which includes most types of Ministerial wrongdoing, is warn the people:

"By withholding assent to an unpopular measure he can create a constitutional crisis of the first magnitude, and though eventually he himself may have to go, he can in appropriate cases rivet the attention of the country to the caprice, cupidity or folly of the legislature."

Recent events in Pakistan suggest that the wise counsel offered by the Chief Justice has not been heeded; thus in August, 1957, Mr. M. A. Gurmani, the Governor of West Pakistan was forced to resign by the ruling Republican Party after allegations that he had been undermining the party and interfering with the Ministry, and the present Governor-General, Major-General Iskander Mirza, has shown an extremely strong hand in dealing with the selection and replacement of Prime Ministers.

In taking action which overturned much of the legal structure of the country, the Court insisted on keeping its actions within the continuity of the common law. When the Chief Justice referred to natural law in the course of argument, counsel for the Federation were not prepared to go so far. On several occasions the Court specifically noted that all it might do was to declare whether legal powers existed or not, but not whether such a power was properly exercised, such being a political matter. The able dissenting judgment of Cornelius, J. in *Tamizuddin Khan's Case* and his opinion in the *Special Reference* show that it would have been open for the Court to follow an easy path and uphold the first attempts at bridging the gap created by the dissolution of the Assembly. The determination of the Federal Court to pursue what it deemed the proper interpretation of the law, at once anxious for the liberties of the subject against the encroachment of a legislative body which was assuming dictatorial characteristics and resolute for proper legal processes against executive expediency, together with the acceptance of its decisions by the Government of Pakistan, augurs well for the Rule of Law in that country.

COLIN A. HUGHES.









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